Supreme Court, U.S.
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No. _____

IN THE
SUPREME COURT OF THE UNITED STATES

METRO COMMUNICATIONS COMPANY,
and PETER SIAVRAKAS,
Petitioners,

v.

AMERITECH CORPORATION, and
AMERITECH MOBILE
COMMUNICATIONS, INC.,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. To what extent, if at all, do the "principals of equity" incorporated into Section 1117(a) of the Lanham Act, 15 U.S.C.§1117(a), permit a trademark owner or licensee to obtain either legal or equitable relief against a person whose alleged unauthorized use of the relevant trademark was made during the course of the alleged infringer's efforts to direct prospective customers to the trademark owner or its licensee, and not some other person, for the purchase of the trademarked services directly from the trademark owner or licensee, where the trademark owner or licensee enters into a sales contract with the customers directed to it by the alleged infringer and retains the economic benefit of the alleged infringement?

2. May a trademark owner or its licensee lawfully control who participates in the distribution of trademarked services in a manner that would be unlawful under the "first sale doctrine" if the relevant commercial activity involved the distribution of trademarked goods, rather than services?

3. Should this Court recognize the Ninth Circuit Court of Appeals' "nominative fair use defense" (which stems from this Court's decision in *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 44 S. Ct. 350 (1924)) to protect the non-deceptive commercial use of a trademark when referring to the related trademarked goods or services and not to a counterfeit or competitive product?

4. To preclude summary judgment as to liability, must a defendant to a Lanham Act claim for false affiliation offer more substantial proof than the opposing party's internal records which, taken in the light most favorable to the defendant, demonstrate that during the relevant period it was the plaintiff who created a risk of confusion regarding the parties' affiliation when the plaintiff repeatedly published statements inaccurately declaring the defendant to be an "authorized agent", while the defendant accurately informed the public that it was not the plaintiff's "authorized agent?"

5. To preclude summary judgment as to the amount to be awarded to a Lanham Act plaintiff and establish the appropriate amount of deductible expenses pursuant to Section 1117(a), 15 U.S.C §1117(a), must the defendant offer more substantial proof than its unchallenged financial statements and the affidavit of the sole shareholder which, taken in the light most favorable to the defendant, demonstrate that all expenses incurred during the relevant period were related to the revenue upon which the Lanham Act judgment would rest?

PARTIES TO THE PROCEEDING

Petitioners

Metro Communications Company, Inc. and Peter Siavrakas. The corporate entity, Metro Communications Company, Inc., has no parent company nor any subsidiaries and no publicly held company owns 10% or more of the corporation's stock.

Respondents

Ameritech Corporation, and Ameritech Mobile Communications, Inc. A relevant affiliate of Respondents is Detroit SMSA Limited Partnership, a Michigan limited partnership of which Ameritech Mobile Communications, Inc. is general partner.

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The opinion of the United States Court of Appeals for the Sixth Circuit is reported at 182 F.3d 916 (6th Cir. 1999). A copy of the Opinion is included in the Appendix at Appendix A at 1a-4a. A copy of the Court of Appeals' order of July 28, 1999 denying Petitioners' Petition for Rehearing is included in the Appendix at App. F [1] at 39a. The following orders of the District Court for the Eastern District of Michigan, Southern Division are also included in the Appendix: Order of August 24, 1995 granting partial summary judgment and granting permanent injunction (App. E at 25a); Order of January 24, 1996 granting additional relief (App. D at 15a); Order of April 17, 1996 granting additional relief (App. C at 8a); and final judgment of September 3, 1997 (App. B at 5a).

JURISDICTION

The United States Court of Appeals for the Sixth Circuit issued its *per curiam* Opinion on July 7, 1999. On July 19, 1999, Petitioners filed a timely Petition for Rehearing which the United States Court of Appeals denied on July 28, 1999 (App. F at 39a). This Petition for Writ of Certiorari is filed within 90 days of the denial of the Petition for Rehearing. The Court's jurisdiction is invoked pursuant to 28 U.S.C. §§1254(1) and 2106.

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[1] Citations to "App." are to the appendix filed with this Petition for Writ of Certiorari pursuant to Supreme Court Rule 14(i).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Lanham Act

Pertinent sections of the Lanham Act, 15 U.S.C. §§1114, 1115, 1117 and 1125, are supplied at Appendix M at 86a - 99a.

STATEMENT OF THE CASE

Petitioner Metro is owned by Petitioner Peter Siavrakas ("Siavrakas") and is a former "authorized agent" of Detroit SMSA Limited Partnership ("Detroit SMSA"), which, itself, is one of two (2) owners of cellular radio service licenses issued by the Federal Communications Commission for operation within the Detroit Metropolitan area. Respondent Ameritech Mobile Communications, Inc. ("AMCI"), and, in turn, its parent corporation, Respondent Ameritech, a so-called Regional Bell Operating Company, control Detroit SMSA and its marketing activities regarding cellular phone service. Ameritech is the owner of the trademarks relevant to this dispute, and has licensed their use to AMCI.

On December 31, 1993, the last of the agency agreements between Metro and Detroit SMSA expired.[2] As

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[2] The events surrounding the expiration of the agency agreement have been, and remain, the subject of other pending federal and state court actions. However, for purposes of these proceedings, and without waiver of Respondents' rights in those actions, the agency agreement has been treated as having expired on December 31, 1993.

of that date, Metro and the Ameritech entities had been in litigation regarding anti-trust and other matters for approximately 4 years. However, despite these then on-going disputes, Metro was said by AMCI personnel to be Detroit SMSA's "best" agent in the marketplace and was responsible for the formation of a substantial number of customer service contracts regarding cellular phone service marketed under the "Ameritech" trademark. (App. K at 82a). Metro's December 1993 activations alone entitled it to approximately $900,000.00 in commissions. (App. O at 101a). Thus Metro was a known and significant participant in this market.

On December 31, 1993, Metro was admonished that after that date Metro should refrain from identifying itself as an "'authorized agent" with respect to Ameritech cellular phone service. (App. L at 83a).

After expiration of the agency agreement, Petitioners formed "sub-agencies" with companies that remained "authorized agents" of Detroit SMSA. However, Metro personnel were instructed to inform customers that it was no longer an "authorized agent" and that the activation of Ameritech cellular service would be accomplished through a third-party, i.e., authorized agent. (App. J at 64a).

That Metro's employees followed these instructions is demonstrated by one of Respondents' own records -- a May 9, 1994 memorandum written by an AMCI employee. (App. N at 100a). AMCI's employee had been instructed to make anonymous contact with Metro and determine whether Metro's personnel held it out as an authorized agent following expiration of the agency agreement. The memorandum demonstrates that Metro's personnel expressly advised AMCI's investigator that Metro was *not* an authorized agent

and that activation of the cellular service would be accomplished through another company.

On June 6, 1994, Respondents commenced an action against Petitioners in the United States District Court for the Eastern District of Michigan, Southern Division[3]. The gravamen of the complaint was that, by being involved in any manner in the distribution of so-called Ameritech cellular phone service after expiration of the agency agreement, Petitioners had violated Respondent's trademark rights and should be held liable for such violations pursuant to the Lanham Act. Respondents claimed both trademark infringement and unfair competition related to allegedly false statements of affiliation.

Metro's alleged trademark infringement was limited to its publication of advertising flyers that did not identify the cellular service involved as "Ameritech cellular" and Metro's possession and delivery of printed material that bore the Ameritech trademarks to prospective AMCI customers. These printed materials included applications for cellular service printed by Respondents and required by their cellular service activation system. (App. P at 106a).

The unfair competition claim was grounded upon the argument that, by virtue of Metro's possession and described use of the printed material and its reference to the relevant cellular service as "Ameritech cellular", Metro had created a risk of confusion in the marketplace regarding the existence of an affiliation between itself and Respondents.

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[3] Subject-matter jurisdiction in the District Court was grounded upon 28 U.S.C.§1338.

Metro obtained no compensation regarding the activities complained of by Respondents from either Respondents or the cellular subscriber. Rather, the authorized agents with whom Metro had established sub-agencies paid Metro a portion of the commission they were contractually entitled to pursuant to their agency agreements with Detroit SMSA.

Having filed the complaint in June 1994, Respondents sought no injunctive relief until May 19, 1995. During the intervening 11 months, Respondents knowingly accepted new customers referred by Metro. Respondents' employees visited at least one authorized agent with whom Metro had established a sub-agency and candidly admitted that they had no basis for stopping Metro's sales efforts. (App. I at 54a).

From January 1994 until at least November 1994, Respondents repeatedly and publicly identified Metro as an "authorized agent" -- despite their District Court complaint asserting that Metro was not authorized as their agent. During this period, Respondents listed Metro as the authorized agent on approximately 200,000 bills to Metro-activated cellular customers, and told cellular customers seeking assistance that they must contact Metro because it was the authorized agent regarding their account. For its part, Metro continued to abide by Respondents' prior admonition and informed customers that it was *not* an "authorized agent."

On May 19, 1995, Respondents moved forward on their request for injunctive relief. By then, Respondents had accepted not less than 1000 new cellular customers from Metro after expiration of the agency agreement. In any event, Respondents filed a motion for summary judgment, Petitioners responded and the Court, without oral argument or

evidentiary hearing, granted summary judgment as to liability and issued a permanent injunction. (App. E at 25a).

Rejecting Metro's request for a narrow injunction, if any, the District Court granted summary judgment as to liability and permanently enjoined Petitioners from participating in any manner in the distribution of Ameritech-branded cellular phone service.[4] (App.E at 25a). In its opinion, the District Court acknowledged that Ameritech's and AMCI's conduct (including the acceptance of Metro-referred customers and Respondents' own public characterization of Metro as an authorized agent) caused the District Court to be "troubled," but it did not consider proof of this behavior sufficient to preclude summary judgment nor sufficient to warrant denial of Respondents' request for a broad permanent injunction.

On September 19, 1995, Respondents filed a motion seeking additional relief, premised upon the District Court's August 24, 1995 opinion and order granting summary judgment. The motion for additional relief sought to summarily establish the amount of the judgment to be entered against Petitioners.

On September 26, 1995, Petitioners filed their initial response to Respondents' motion for additional relief, asserting that there were genuine issues of material fact that precluded summary judgment. In particular, Petitioners'

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[4] It should be noted that the non-competition provision of the agency agreement remained in force for only one (1) year after expiration of that agreement. Despite this, the District Court's injunction permanently prohibited Metro and Siavrakas from participating in this market.

challenged Respondents' calculations as to the revenue generated by its post-expiration sales efforts, and sought to establish that there were expenses deductible from those revenues of not less than $1,103,542.65. Petitioners' response was supported by an affidavit from Peter Siavrakas and AMCI's records. (App. H at 50a).

On January 24, 1996, the District Court advised the parties that it considered the record insufficient to determine the proper amount of a judgment under the Lanham Act, and offered Petitioners the opportunity to provide additional evidence supporting its claimed deductions.

On February 13, 1996, Petitioners provided the District Court with two (2) additional items in opposition to the requested summary judgment as to the amount of the judgment: a) financial statements for the relevant period that had been compiled by Metro's Certified Public Accountant; and b) a second affidavit from Petitioner Siavrakas specifically advising the District Court that the operating expenses described in the financial statements for the relevant period had all been incurred in the production of the revenue upon which the District Court had been asked to enter judgment. (App. G at 41a).

On April 17, 1996, the District Court granted Respondents' request for summary judgment as to the amount of the judgment and established that amount (exclusive of attorneys' fees, costs and interest) as $265,765.00. (App. C at 8a). The District Court did not consider the evidence submitted by Petitioners sufficient to establish a genuine issue of material fact. It should be noted that Respondents have never offered any proof that these financial statements were inaccurate in any respect.

After resolution of matters related to attorneys fees awarded to Respondents, on September 3, 1997, the District Court entered its final judgment.

Petitioners appealed to the United States Court of Appeals for the Sixth Circuit on October 2, 1997. Briefing was completed on May 8, 1998 and the matter argued in November of 1998.

On July 6, 1999, the Court of Appeals affirmed the District Court in all respects. (App. A at 1a). Because the Court of Appeals considered it unnecessary, it declined to issue a full or published opinion in this matter. Accordingly, its reasoning regarding certain significant matters has not been explained. For example, the Opinion does not discuss the Court's consideration, if any, of Petitioners' "nominative fair use defense" as established by the United States Court of Appeals for the Ninth Circuit. The Opinion also contains no explanation for the Court of Appeals' assertion that Petitioners had failed to oppose summary judgment as to amount, when the record undeniably contains the above-described proofs.

On July 19, 1999, Petitioners filed a Petition for Rehearing with the Court of Appeals raising, *inter alia*, the points described above. That motion was denied on July 28, 1999.

ARGUMENT FOR GRANTING WRIT

This petition should be granted because it raises important questions regarding trademark law, statutory interpretation of the Lanham Act and summary judgment standards as applied to Lanham Act claims. Moreover, granting this petition and reversing the lower courts' decisions will correct a substantial miscarriage of justice. Despite evidence that the Respondents had engaged in conduct that "troubled" the District Court and despite Petitioners unchallenged evidence in opposition to summary judgment, the District Court summarily granted all relief requested by Respondents. For its part, the Court of Appeals misapprehended the record before it, affirmed the District Court's decisions in full, and did so without a full opinion explaining its reasoning.

ARGUMENT 1

THE PETITION SHOULD BE GRANTED AND A FUNCTIONAL EQUIVALENT OF THE "FIRST SALE DOCTRINE", e.g. THE NINTH CIRCUIT'S "NOMINAL FAIR USE DEFENSE" SHOULD BE ESTABLISHED REGARDING NON-CONSENSUAL COMMERCIAL USE OF TRADEMARKS RELATED TO NON-PERSONAL SERVICES.

The primary purpose of a trademark is to identify the owner's product or service in the marketplace so as to assure consumers that they have purchased the "genuine article" and protect the trademark owner's investment in establishing the

trademark as a commercially valuable asset. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985). Thus, at the core of trademark protection is the prohibition against the unauthorized use of a trademark to identify goods other than the trademark owner's product. Likewise, trademark protection prohibits the diversion of commerce away from the trademark owner through a competitor's use of similar marks or designs that seek to exploit the trademark's value.

However, there are limits to the protection afforded a trademark. *See, New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992) ("A trademark is a limited property right in a particular word, phrase or symbol."; *see also* S.Rep.No. 1333, 79 Cong., 2d Sess. (1946) ("Trade-marks are not monopolistic grants like patents and copyrights.").

Since 1924, courts have recognized a basic limitation on the right of a trademark owner under the Lanham Act to control the distribution of its own products. Beginning with *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 44 S.Ct. 350, (1924), courts have consistently held that, with certain well-defined exceptions, the right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product. Resale by the first purchaser of the original article under the producer's trademark is neither trademark infringement nor unfair competition.

This "first sale doctrine" is workable when dealing with goods, but breaks down when applied to trademarked non-personal services such as telecommunications services.

While the distribution of goods proceeds from manufacturing, to wholesale distribution, to retail sales, there is no such movement away from the producer of non-personal services. Whereas goods are delivered by those in the distribution channels to the customer, in the case of non-personal services the customer is essentially delivered to the producer. At that point, the service provider has complete control over the association between its trademark and product as delivered to the consumer -- no one can pass off a counterfeit product as that of the provider because the provider controls access to its service. Accordingly, the risk of confusion and diversion with respect to trademarked non-personal services is substantially less than with respect to goods.

Yet, despite this reduced risk of confusion or diversion, there is no well-established set of principals such as the goods-related "first sale doctrine" to define the limits of a trademark owner's lawful control of the distribution of the related services or that recognizes and protects non-deceptive nominative commercial "use" of another's trademark.

In the United States Court of Appeals for the Ninth Circuit, a doctrine known as the "nominative fair use defense" has been developed that provides some guidance. *See, New Kids on the Block, supra.* This defense protects the non-consensual commercial use of another's trademark when: a) the product or service in question is one not readily identifiable without use of the trademark; b) only so much of the mark or marks as is reasonably necessary to identify the product or service is used; and c), the user does nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. 971 F.2d at 309. The principles from which this doctrine was derived are set forth

in this Courts decision in *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 44 S. Ct. 350 (1924).

The present case presents an opportunity to address these issues and establish a workable set of restraints upon the inappropriate use of trademarks associated with non-personal services and provide those concerned with the distribution of non-personal services a level of protection for and against the use of such marks similar to the principles applied under the "first sale doctrine" with respect to the distribution of goods.

ARGUMENT 2

THIS PETITION SHOULD BE GRANTED TO PERMIT THE COURT TO FULLY IDENTIFY THOSE "PRINCIPLES OF EQUITY" TO WHICH THE REMEDIES AVAILABLE UNDER THE LANHAM ACT ARE SUBJECT.

The Lanham Act, grants a broad range of remedies to a trademark owner whose trademark rights have been violated. However, Congress made these remedies subject to "principles of equity." *Id.* This Court has not directly declared which equitable principles are to be applied in such cases, nor how. This case presents a opportunity to do so.

Here, the District Court and Court of Appeals recognized the existence of these principles and recognized that Respondents knowingly accepted the benefit of Petitioners' sales efforts, only to then proceed to a judgment grounded upon the very events that benefitted the Respondents. However, it is apparent that both lower courts considered the principles of equity to be subordinate to the

trademark owner's desire for control, despite the language of the statute requiring the opposite analysis.

By granting this petition, the Court would have the opportunity to address these issues on a factual record which lends itself to a detailed examination of the competing interests. Stated differently, this case presents the opportunity to establish the extent to which Congress intended the trademark owner's rights to be subjugated to equitable considerations, and which principles Congress intended the courts to apply.

ARGUMENT 3

THE PETITION SHOULD BE GRANTED TO ADDRESS SUMMARY JUDGMENT PROCEDURES IN LANHAM ACT CLAIMS; BOTH AS TO LIABILITY ISSUES AND DAMAGES.

This case also presents important questions related to the application of summary judgment standards in Lanham Act cases. The District Court and Court of Appeals both recognized that Respondents had made a significant contribution to any risk of confusion by their post-December 31, 1993 publication of approximately 200,000 statements identifying Metro as an authorized agent, and their insistence that their own customers direct service complaints to Metro as an authorized agent. Despite these acknowledgments, the lower courts did not find the existence of any material fact regarding the risk of confusion element of the Lanham Act claims. Likewise, despite unchallenged financial statements submitted by Petitioners regarding the amount of the judgment to be imposed, the lower courts both concluded that there was

no genuine issue of material fact regarding the permissible deductions under the Lanham Act.

By addressing these issues, the Court may provide a clear standard regarding the quantum of proof necessary to establish a genuine factual dispute related to the risk of confusion and permissible deduction elements of Lanham Act claims.

ARGUMENT 4

THE PETITION SHOULD BE GRANTED TO CORRECT THE ERRONEOUS AND UNJUST DECISIONS OF THE DISTRICT COURT AND COURT OF APPEALS.

Granting this petition is also consistent with this Court's error-correcting authority and instinct for justice. *See*, *Florida v. Rodriguez*, 469 U.S. 1, 7; 105 S. Ct. 308, 311 (1984) (Stevens, J. concurring; "As the Court of last resort in the federal system, we have supervisory authority and therefore must occasionally perform a pure error-correcting function in federal litigation.").

The basic facts in this case are these: Ameritech and AMCI gladly took the customers delivered to them by Petitioners, have retained the benefits of those customer relationships, yet have obtained a judgment based upon the very acts from which they benefitted. Ameritech and AMCI, not Petitioners, repeatedly declared that Metro was an authorized agent after December 31, 1993, while Petitioners were accurately advising the public that the opposite was so, yet Petitioners have been held responsible for any risk of confusion, not Respondents. To compound matters, Petitioners submitted unchallenged admissible evidence in

opposition to a summary determination of the amount of the judgment, yet the District Court ignored this evidence and granted summary judgment regardless. For its part, the Court of Appeals observed in its truncated opinion that Petitioners had not submitted evidence in opposition to summary judgment, yet the evidence *is* of record and is clear. (App. H at 50a and App. G at 41a).

Petitioners submit that the lower courts' errors in this matter, alone, are sufficient reason to grant this petition and then, at a minimum, provide Petitioners with a fair opportunity to defend themselves -- an opportunity they have so far been denied.

CONCLUSION

For the reasons stated above, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

[Filed July 6, 1999]

No. 97-2059

On Appeal From The
United States District Court
For The Eastern District of Michigan

AMERITECH CORPORATION; AMERITECH MOBILE COMMUNICATIONS, INC., *Plaintiffs-Appellees*,	)
v.	)
METRO COMMUNICATIONS COMPANY; PETER SIAVRAKAS, *Defendants-Appellants*.	)

BEFORE: JONES, RYAN, and BATCHELDER, Circuit Judges.

PER CURIAM. This case involves a dispute between Ameritech Corporation and Ameritech Mobile Communications, Inc. (collectively "Ameritech" or "Plaintiffs-Appellees") and Metro Communications and its

President and sole shareholder, Peter Siavrakas (collectively "Metro" or "Defendants-Appellants"), regarding Metro's use of Ameritech trademarks to sign up cellular customers for Ameritech cellular service. The parties to this action were originally parties to a five-year agency agreement (the "Agreement") which permitted Metro to sell Ameritech service and use the Ameritech name and trademarks in doing so; the Agreement explicitly denied Metro any right to make any use of the Ameritech marks or name aider its expiration. After the Agreement expired, Ameritech refused to renew it. Metro then attempted to become a sub-agent of several authorized Ameritech agents, but was told that the agents needed Ameritech's permission for such a relationship and/or that Ameritech did not permit a sub-agency relationship. Eventually, Metro was able to continue selling Ameritech service through a sub-agency relationship Metro formed with a car dealership authorized to sell Ameritech service from its premises in connection with its sale of Delco car phones for new vehicles. The dealership's agency contract does not appear to permit such a sub-agency relationship, and Metro submitted the cellular authorizations through the car dealership without informing either Ameritech, the cellular activation clearinghouse, or the customers. Metro did not volunteer to its customers that it was not an authorized agent and Metro continued to use promotional materials and service contracts containing the Ameritech name and trademarks.

Ameritech, however, failed to remove Metro's name as its authorized agent from customer bills until eleven months after the expiration of the Agreement. In addition, Metro contends that Ameritech customer service representatives continued to refer customers to Metro. Several customers of Metro called Ameritech to complain

about Metro's service and their belief that Metro had misrepresented the fact that it was not an authorized Ameritech agent.

Plaintiffs-Appellees filed this action against Metro on June 24, 1994, alleging both state and federal trademark infringement and unfair competition, interference with prospective economic advantage, breach of contract, unauthorized agency, and violations of the Michigan Consumer Protection Act. The complaint sought permanent injunctive relief preventing Metro from, *inter alia,* using Ameritech trademarks, passing off products and service as being Ameritech's products and service, creating a false impression that Metro is affiliated with Ameritech, diluting or infringing Ameritech's trademarks, and selling Ameritech service. Ameritech also sought a declaratory judgment and an accounting, as well as damages in the form of Metro's profits from the infringing sales, actual damages, treble damages or profits, and punitive damages, costs and attorneys' fees.

The district court issued four opinions relevant to this appeal: first, the court granted summary judgment to Ameritech on its claims for breach of contract/unauthorized agency, federal trademark infringement and unfair competition, and permanently enjoined Metro from, *inter alia,* using Ameritech's trademarks, passing off products and service as Ameritech's, creating a false impression that Metro is affiliated with Ameritech, diluting or infringing Ameritech's trademarks, and selling Ameritech service; second, the court granted Ameritech's motion asking for Metro's profits from the infringing sales, subject to costs or deductions, and reasonable attorneys' fees, as required under the prior Ameritech-Metro agency agreement; third, the court

granted Ameritech the gross profits of Metro during the infringing period, without any deductions, because of Metro's failure to submit evidence supporting deductions; fourth, the court adopted the report and recommendation of the magistrate, awarding Ameritech $125,255.03 in attorneys' fees. Finding that all matters had been resolved, the court entered final judgment for Ameritech on September 3, 1997, dismissing Ameritech's remaining claims without prejudice.

After carefully reviewing the record, the applicable law and the parties' briefs, and having had the benefit of oral argument, we are convinced that the district court did not err in its conclusions. As the district court's opinions carefully and correctly set out the law governing the issues raised, and clearly articulate the reasons underlying its decisions, issuance of a full written opinion by this court would serve no useful purpose. Accordingly, for the reasons stated in the district court's opinions, we AFFIRM.

APPENDIX B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Filed: September 3, 1997]

No. 94-CV-72443-DT

AMERITECH CORPORATION and AMERITECH MOBILE COMMUNICATIONS, INC., *Plaintiffs*,	)
v.	)
METRO COMMUNICATIONS COMPANY, and PETER SIAVRAKAS, *Defendants*.	)

JUDGMENT FOR PLAINTIFFS

AT A SESSION of said Court, held in the United States Courthouse, in the City of Detroit, State of Michigan, on the 3rd day of September, 1997.

PRESENT: THE HONORABLE GEORGE E. WOODS
United States District Judge

The Court having entered an order granting Plaintiffs' motion for entry of final judgment [Document No. 77]; now therefore,

Pursuant to this Court's prior orders granting partial summary judgment to Plaintiffs, additional relief to Plaintiffs and permanent injunctive relief to Plaintiffs,

IT IS HEREBY ORDERED AND ADJUDGED, that

1. Defendants, their agents, servants, employees, subsidiaries, licensees and assigns, and all person in concert or participation with them, are permanently enjoined from:

   a. Soliciting customers to, accepting applications for, or otherwise offering for sale, Ameritech cellular service, or performing any other acts which may expressly or impliedly suggest any affiliation between Defendants and Ameritech; and

   b. Directly or indirectly using the Ameritech marks or any other mark or trace name confusingly similar thereto, either alone, or in combination with any other word, terms, or design, in connection with their products and services.

2. Plaintiffs shall recover from Defendants, jointly and severally, the amount of $265,765 in damages.

3. Plaintiffs shall recover from Defendants, jointly and severally, the amount of $125,255.03 in attorneys' fees and costs.

4. Counts III, IV, V, and VI, of Plaintiffs' Complaint are dismissed without prejudice.

So Ordered.

/s/_____
GEORGE E. WOODS
UNITED STATES DISTRICT JUDGE

PURSUANT TO RULE 77(d), FED. R. CIV. P.
COPIES MAILED TO ATTORNEYS FOR ALL
PARTIES ON September 3, 1997.
/s/_____
Kathleen P. McSharry, Secretary
Mailed to:
Kenneth J. McIntyre, Esq.
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Hon. Virginia M. Morgan

APPENDIX C

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Filed: April 17, 1996]

No. 94-CV-72443-DT

AMERITECH CORPORATION and AMERITECH MOBILE COMMUNICATIONS, INC.,
Plaintiffs,

v.

METRO COMMUNICATIONS COMPANY, and PETER SIAVRAKAS,
Defendants.

ORDER GRANTING PLAINTIFFS ADDITIONAL RELIEF

AT A SESSION of said Court, held in the United States Courthouse, in the City of Detroit, State of Michigan, on the 17th day of April, 1996.

PRESENT: THE HONORABLE GEORGE E. WOODS
United States District Judge

This matter originally came before the Court on Ameritech Mobile Communications, Inc.'s ("Ameritech") Motion for Additional Relief on Summary Judgment (Docket No. 50), which sought an award of profits, damages and attorneys' fees in addition to the permanent injunction awarded by this Court against defendants Metro Communications Company ("Metro") and its owner Peter Siavrakas. The Court found that Ameritech was entitled to

monetary relief under 15 U.S.C. § 1117(a)[1] for defendants' violation of its trademark rights.

Plaintiffs established that defendants profited through gross sales of Ameritech cellular service in the amount of $265,765 and requested judgment in that amount. Defendants argued that, contrary to Ameritech's assertion that Metro made money from its sales of Ameritech service, it suffered a loss in excess of $500,000 from December 31, 1993 through February 1995. The Court found the evidence submitted by defendants in support of this contention to be an insufficient basis for the Court to ascertain what portion of the

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[1] The statute reads as follows:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 1125(a) of this title shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. . . . In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. . . . If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

15 U.S.C. § 117(a).

net operating losses related specifically to Ameritech cellular service sales versus the sales of other services or to ascertain what expenses were included in reaching the net operating loss. Therefore, the Court allowed defendants to submit additional documentation of their expenses related to the sale of Ameritech service. Defendants have submitted additional documentation through the affidavit of defendant Siavrakas and income statements.

For the reasons that follow, the Court finds that the documentation fails to meet defendants' burden to prove that the costs that they incurred were necessary to generate the infringing sales. Wynn Oil Co. v. American Way Serv. Corp. , 943 F.2d 595, 606 (6th Cir. 1991) (holding that the defendant bears the burden of apportioning the profits). The Court first addresses the affidavit and then the financial statements.

In his affidavit, Siavrakas asserts the following:

> Metro was engaged in no business other than that related to the distribution of the so-called 'Ameritech' cellular service which is the subject of this action. All of Metro's business activities, including the sale of related equipment, was incidental to the distribution of its product/service. Accordingly, all of Metro's expenses during these periods have been charged against the income received during this period.

Affidavit of Siavrakas at ¶ 3. Siavrakas also claims that Metro made no profit on the distribution of Ameritech cellular service since December 31, 1993. Id. at ¶ 5.

The problem with Siavrakas' statement that Metro only dealt with Ameritech products is that in his deposition he admitted that Metro put up a sign indicating it was an "authorized Motorola Service Center." Deposition of Siavrakas at 76. Siavrakas also stated that Metro was and continued to be an authorized Motorola Service Center. Id. Finally, Siavrakas admitted that Metro sold, installed, serviced and repaired cellular telephones and related equipment in addition to the sale of cellular service. Id.. at 77.

These statements by Siavrakas are inconsistent with his later affidavit statement that Metro only sold Ameritech service. "A party may not create a factual issue by filing an affidavit, after a motion for summary judgment has been filed, which contradicts [his] earlier deposition testimony." Reid v. Sears, Roebuck & Co, 790 F.2d 453, 460 (6th Cir. 1986), citing Biechele v. Cedar Point, Inc., 747 F.2d 209, 215 (6th Cir. 1984). Moreover, defendants provide no verification of Siavrakas' statement that Metro's installation, service and repair business was "incidental" to the distribution of Ameritech cellular service. The absence of verification leads the Court to the second basis upon which defendants rely to show they are entitled to deduction, the financial statements.

Defendants' documentation includes income statements for the years ending December 31, 1994 and December 31, 1995. Darlene Vasi, Certified Public Accountant, compiled the statements based on information provided by Metro

management. Vasi indicated that she had not audited or reviewed the accompanying statements. Defendants' Exhibits A and B, February 9, 1996 Letters. Further, Vasi writes that management omitted the balance sheet, statement of cash flow and other disclosures "required by generally accepted accounting principles." Id. Defendants have provided no corroborating invoices, sales slips or other objective documentation to substantiate their financial statements. Consequently, the Court finds that they do not meet defendants' burden.

In addition to the lack of independent evidence to verify these statements, defendants include many items that are not deductible from gross profits. For example, under the costs of goods sold, defendants list equipment purchases and new parts, neither of which appear to be related to selling cellular service. Defendants also include a category titled "Other Shop Expenses," but provide no explanation for how these expenses relate to the sale of Ameritech cellular service. Defendants' list of overhead expenses includes fixed costs and attorney fees, neither of which are deductible. See Roulo v. Russ Berrie Co., 886 F. 2d 931, 940-42 (7th Cir. 1989) (discussing deductions), cert. denied, 493 U.S. 1075 (1990); Maltino Corp. v. Cawy Bottling Co., 613 F.2d 582, 586-87 (5th Cir. 1980) (noting that legal fees are not available as a deduction); Libman Co. v. Vining Indus. Inc., 876 F. Supp. 185, 189-90 (C.D.Ill.) (only the costs necessary to generate infringing sales are allowed as a deduction from gross profits), rev'd on other grounds, 69 F.3d 1360 (7th Cir. 1995). Finally, defendants provide no evidence that Metro's overhead expenses increased as a result of selling Ameritech cellular service. See Maltino, 613 F.2d at 586 (holding that "proportionate share of overhead is not deductible when the

sales of an infringing product constitute only a small percentage of total sales").

Accordingly, the Court GRANTS plaintiffs the additional relief requested, $265,765.

So Ordered.

/s/_____
GEORGE E. WOODS
UNITED STATES DISTRICT JUDGE

APPENDIX D

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Filed: January 24,1996]

No. 94-CV-72443-DT

AMERITECH CORPORATION and AMERITECH MOBILE COMMUNICATIONS, INC., *Plaintiffs*,	)
v.	)
METRO COMMUNICATIONS COMPANY, and PETER SIAVRAKAS, *Defendants*.	)

ORDER GRANTING ADDITIONAL RELIEF

AT A SESSION of said Court, held in the United States Courthouse, in the City of Detroit, State of Michigan, on the 24th day of January, 1996.

PRESENT: THE HONORABLE GEORGE E. WOODS
United States District Judge

This matter is before the Court on Ameritech Mobile Communications, inc.'s ("Ameritech") Motion for Additional Relief on Summary Judgment, which seeks an award of profits, damages and attorneys' fees in addition to the permanent injunction already awarded by this Court against defendants Metro Communications Company ("Metro") and its owner Peter Siavrakas. The injunction prohibits defendants from soliciting the sale of Ameritech cellular radio service (commonly known as mobile cellular phone service) and the unauthorized use of the Ameritech name and trademarks.

I. BACKGROUND

The facts of this case are contained in the Court's Order Granting Partial Summary Judgment to Plaintiffs and Granting Permanent Injunction, dated August 24, 1995, and are not repeated herein. In that order, the Court found that defendants violated the Federal Trademark Act, 15 U.S.C. § 1114, the Lanham Act, 15 U.S.C. § 1125(a), and that defendant Metro breached its contract with plaintiffs by acting as an agent of Ameritech after the term of its agency expired on December 31, 1993.

Ameritech now seeks monetary relief under 15 U.S.C. § 1117.

II. LEGAL STANDARD

Monetary recovery is authorized pursuant to 15 U.S.C. § 1117(a) for violation of trademark rights.

> When a violation of any right of the registrant of a mark registered in the Patent and

> Trademark Office, or a violation under section 1125(a) of this title shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. . . . In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. . . . If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Under the statute, recovery of a defendant's profits from infringing conduct is an entitlement. The plaintiff does not bear the burden of proving a defendant's profits "with exactness" under the statute. Wynn Oil Co. v. American Way Service Corp., 943 F.2d 595, 605 (6th Cir. 1991). Once the plaintiff has established a defendant's gross sales, the plaintiff's burden is met. Id. The defendant bears the burden of apportioning the profits. Id. at 606. In discussing the rationale for awarding profits, the Sixth Circuit noted the following:

> The trial court's primary function is to make violations of the Lanham Act unprofitable to the infringing party. Other than general equitable considerations, there is no express requirement that the parties be in direct competition or the infringer willfully infringe the trade dress to justify an award of profits. Profits are awarded under different rationales including unjust enrichment, deterrence, and compensation.

Wynn, 943 F.2d at 606-07 (quoting Roulo v. Russ Berrie & Co., 886 F.2d 931, 941 (7th Cir. 1989)).

III. ANALYSIS

Ameritech seeks monetary recovery in the form of defendants' profits, damages and attorneys' fees under the statute. In the alternative, Ameritech requests attorneys' fees pursuant to the agency agreement that it had with Metro. The Court discusses each request below.

A. Recovery of Defendants' Profits

To establish the amount of defendants' profits, Ameritech has submitted the affidavit of Jeffrey W. Cesarz, the Manager-Budgets for Ameritech Mobile Communications, Inc. in the Michigan market. Cesarz reviewed the business records of Metro, Dreisbach & Sons Cadillac, and Ameritech and discovered that Metro initiated 929 activations between April 4, 1994 and April 4, 1995. Affidavit of Cesarz at ¶ 2. From April 5, 1995 through August 31, 1995, Ameritech's records show that 152 additional activations were submitted

under the Dreisbach name. Id. Cesarz estimated that an average of 10 legitimate activations per month were initiated from April 5, 1995 through August 31, 1995; therefore, Cesarz concluded that Metro accounted for the initiation of 102 of the activations. Affidavit of Cesarz at ¶ 2. This estimate, added to the 929 activations from the earlier period, yielded a total number of 1,031 activations by Metro. Cesarz further estimated that Metro's total gross revenues from the sale of Ameritech cellular service were $265,765 during the period of time from April 5, 1994 through August 31, 1995.[2] Affidavit of Cesarz at ¶ 3.

Defendants do not dispute Ameritech's calculations regarding their gross sales; rather they protest the availability of profits as a measure of damages for an unfair competition claim. Defendants contend that the measure of damages for a violation of § 1125(a) (unfair competition) differs from the measure of damages for a suit brought under § 1114 (trademark infringement), in that the measure of damages for a suit brought for unfair competition limits recovery to compensatory damages for past injury. Wolf Bros. & Co. v. Hamilton-Brown Shoe Co., 240 U.S. 2.51 (1913). Further, defendants observe that plaintiffs did not suffer actual damages as a result of defendants' violation of 15 U.S.C. 1125(a), but in fact made over $500,000 as a result of defendants' conduct.

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[2] The number was reached based on the activation commission received by Metro. During the latter five-month time period, however, the calculation is an estimate because the commission paid after July 1, 1995 was variable.

Defendants' argument ignores the language of the statute. The statute explicitly includes violations under section 1125(a). Defendants' reliance on case law predating the enactment o£ the governing statutory provision is misplaced.

Next, defendants protest that principles of equity weigh against an award to Ameritech. Plaintiffs filed this action on June 24, 1994. At that time, plaintiffs did not seek injunctive relief but accepted the benefit of defendants' sales for over one year. According to defendants, the delay in seeking injunctive relief by plaintiffs was calculated so that they could maximize the benefit of defendants' "infringing" conduct.

This argument did not persuade the Court to deny injunctive relief to Ameritech and it does not persuade the Court to deny money damages. Ameritech advised defendants that it would not authorize their "sub-agency" activity through Dreisbach. Metro nevertheless continued to sell Ameritech service even after Ameritech filed suit. Ameritech's position on Metro's activities as well as its position regarding damages was not cloaked in secrecy, and Ameritech was under no obligation to move for injunctive relief before it had the information it needed to succeed on its motion for injunctive relief. Metro has not been ambushed by the imposition of injunctive relief, nor will it be ambushed by an award of damages.

Defendants also argue that plaintiffs themselves held defendant Metro out as an authorized dealer during part of the period of time at issue. During this period, a great deal of the sales activity occurred. Therefore, an award of money damages to Ameritech would be inappropriate.

The Court is troubled by Ameritech's own conduct that would create confusion amon$_G$ consumers by listing Metro as an authorized dealer on customer invoices for almost a year after the relationship with Metro ended. Nevertheless, Ameritech's lack of diligence does not immunize Metro's conduct nor should it prevent Ameritech from recovering defendants' profits. To hold otherwise, would provide a windfall to the wrongdoer. See Wynn Oil Co., 943 F.2d at 605-06 (discussing the rationale behind awardin$_G$ profits to plaintiff). The Court is mindful that Ameritech was awarded summary judgment not only on the Lanham Act claim but also on the trademark infringement claim. The statute authorizes recovery of profits for both causes of action.

Finally, defendants contend that there are genuine issues of material fact regardin$_G$ the issue of damages that preclude summary judgment. First, Metro contends that, contrary to Ameritech's assertion that Metro made money from its sales of Ameritech service, it suffered a loss in excess of $500,000 from December 31, 1993 through February 1995. In support of this contention, defendants submit the affidavit of Peter Siavrakas. Accordin$_G$ to Siavrakas, durin$_G$ the relevant time frame, Metro suffered a net operatin$_G$ loss related to the activation of Ameritech cellular radio services in excess of $500,000. Attached to the affidavit is a monthly breakdown of Metro's 'operatin$_G$ revenue and operatin$_G$ expenses from January 1994 thorough February 1995.

The problem with this affidavit is that the Court is unable to ascertain what portion of the net operating losses related specifically to Ameritech sales versus the sales of other services. Nor is it possible for the court to ascertain what expenses were included in reaching the net operating

loss. See Roulo v. Russ Berrie & Co., 886 F. 2d 931, 940-42 (7th Cir. 1989) (discussing deductions), cert. denied, 493 U.S. 1075 (1990); Maltino Corp. v. Cawy Bottling Co., 613 F.2d 582, 586-87 (5th Cir. 1980); Libman Co. v. Vining Indus. Inc., 876 F. Supp. 185, 189-90 (C.D.Ill.), rev'd on other grounds, 69 F.3d 1360 (7th Cir. 1995). Nevertheless, it is a matter of common sense that defendants incurred some costs related to the sale of Ameritech services. The award of a defendant's profits to a successful plaintiff is not meant to be a penalty. For this reason, the Court will allow defendants to submit additional documentation of their expenses related to the sale of Ameritech service on or before February 1, 1996. Ameritech shall file a response within 10 days after service of the additional documentation.

Secondly, Metro maintains that Ameritech sustained no damages but received more that $500,000 related to cellular lines activated through Metro's efforts occurring after December 31, 1993. Defendants suggest that this amount should be used as a set-off against other amounts that might be awarded. This contention involves no issue of fact. Moreover, defendants provide no legal support for this contention. Given the purpose underlying 1117(a), to prevent unjust enrichment to the wrongdoer, the Court finds this argument unavailing.

B. Ameritech's damages

As an alternative to recovery of defendants' profits from infringing sales, Ameritech moves for recovery of its actual damages. According to Ameritech, in the absence of Metro's infringing activities, the activations sold by Metro would have been sold by an authorized agent with lower

commission costs. Cesarz estimates that the cost to Ameritech was $89,976.68. Affidavit of Cesarz at ¶¶ 4-6.

Ameritech admits that although the remedies authorized by the statute are cumulative, in this case the excess commissions that it paid to Metro are included as part of Metro's profits. Thus, an award by the Court of both would constitute double recovery.

C. Attorneys' Fees

Finally, Ameritech requests reasonable attorneys' fees under the Agency Agreement between Ameritech and Metro or pursuant to statutory authorization. Paragraph 14 of the parties' agency agreement provides that both parties "agree to pay the prevailing party in any such actions for reasonable attorneys' fees and costs of litigation between them." The actions referenced in the agreement include "immediate and preliminary injunctive relief from any violation of [Ameritech's] rights in or to . . . the Marks . . ."

Under Illinois law, contracts to pay the attorneys' fees of the prevailing party in litigation are enforceable. Grossinger Motorcorp. Inc. v. American Nat'l Bank & Trust Co., 240 Ill. App. 737, 752-53 (1992) (citations omitted). The agreement provides that it is governed by Illinois law.[3]

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[3] Although defendants do not contest the application of Illinois law to this issue, the Court nevertheless observes that contractual agreements to pay the attorneys' fees of a prevailing party are enforceable under Michigan law, Central Transport v. Fruehauf Corp., 139 Mich. App. 536 (1984), as well as Illinois law.

Accordingly, Ameritech is entitled to reasonable attorney fees and costs pursuant to the contract. Because the Court finds that attorneys' fees are authorized by the parties' contract, the Court does not discuss the availability of fees under 15 U.S.C. § 1117.

Although defendants argue that Ameritech has offered no evidence regarding the amount of attorney fees incurred, the Court notes that Fed. R. Civ. P. 54 governs the procedure for determining the amount of fees to be awarded. The Notes of Advisory Committee regarding Fed. R. Civ. P. 54 specify that "[t]he rule does not require that the motion be supported at the time of filing with the evidentiary material bearing on the fees."

IV. CONCLUSION

For the reasons stated, the Court hereby GRANTS Ameritech's Motion for Additional Relief on Summary Judgment on breach of contract (Count VII), trademark infringement (Count I) and unfair competition (Count II), including recovery of the defendants' profits subject to any costs or deductions incurred by defendants, and reasonable attorneys' fees.

So Ordered.

/s/_____
GEORGE E. WOODS
UNITED STATES DISTRICT JUDGE

APPENDIX E

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Filed: August 24, 1995]

No. 94-CV-72443-DT

AMERITECH CORP. and AMERITECH MOBILE COMMUNICATIONS, INC.,
Plaintiffs,

v.

METRO COMMUNICATIONS COMPANY, and PETER SIAVRAKAS,
Defendants.

ORDER GRANTING PARTIAL SUMMARY JUDGMENT TO PLAINTIFFS AND GRANTING PERMANENT INJUNCTION

AT A SESSION of said Court, held in the United States Courthouse, in the City of Detroit, State of Michigan, on the 24th day of August, 1995.

PRESENT: THE HONORABLE GEORGE E. WOODS
United States District Judge

This matter is before the Court on Ameritech Corporation and Ameritech Mobile Communications, Inc.'s, Motion for Summary Judgment, which seeks to permanently enjoin Metro Communications Company and its owner Peter Siavrakas from soliciting the sale of Ameritech cellular radio service and the unauthorized use of the Ameritech name and trademarks.

I. FACTS

Ameritech Corporation ("Ameritech") is a Regional Bell Operating Company involved in the telecommunications industry and which maintains various subsidiaries and affiliates which offer goods and services within this industry. Ameritech Mobile Communications, Inc. ("AMCI") is a subsidiary of Ameritech and manages the delivery of cellular radio services ("CRS") to the customers of various Ameritech-affiliated entities licensed to provide CRS. Metro Communications ("Metro") became an agent of Detroit SMSA Limited Partnership ("SMSA"), an Ameritech-affiliated limited partnership, pursuant to an Agency Agreement ("Agreement,,) regarding CRS, effective November 1, 1988. AMCI signed the Agreement on behalf of SMSA. Under the Agreement, Metro agreed to solicit subscribers for SMSA's CRS (also referred to in this opinion as Ameritech CRS). The Agreement stated that it expired on December 31, 1993.[4] The

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[4] Metro brought suit in Oakland County Circuit Court seeking to compel Ameritech to extend the agreement for an additional year. The court granted Ameritech's motion for summary judgment, with the effect being that the Agency Agreement was not renewed beyond the December 31, 1993 expiration date. Metro appealed the ruling, and the Court has

Agency Agreement superseded an earlier agreement entered between the parties on April 1, 1984.

Under the heading "Trademarks and Related Matters", the Agreement gave Metro the right to use plaintiffs' "marks solely for the purpose of identifying [Ameritech] CRS marketed by [Metro] . . ." (Agreement, ¶ 8). Upon expiration or termination of the Agreement, Metro and its owner agreed that they would not:

> . . . utilize for any purpose any trademark, trade name, service mark, service name, or other commercial symbol that suggests or indicates a connection or association with Ameritech Mobile or any affiliated company of Ameritech Mobile; or directly or indirectly, at any time or in any manner, identify itself or any business as associated with Ameritech Mobile or such affiliated company in the Area.

(Agreement, ¶ 11).

On December 31, 1993, Ameritech sent a letter to Metro, directing it to cease holding itself out as an authorized agent of Ameritech and to refer all subsequent customer inquiries to Ameritech. On May 19, 1994, Metro entered into a contract with Dreisbach & Sons, Inc. ("Dreisbach") whereby Dreisbach granted Metro "the right to promote Cellular Telephone Service on the Auto Dealer System . . ." as an independent contractor. (Independent Contractor

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been informed by defendants that the appeal is still pending.

Agreement, ¶¶ 1.A., 2.A.). Dreisbach is an automobile dealer which had an agreement, dated February 14, 1991, to distribute Ameritech CRS.

Dreisbach had made Metro a sub-agent in the distribution of Ameritech CRS. Plaintiffs now contend that such sub-agencies were forbidden, but a memorandum dated September 26, 1986 ("1986 Memo") from Ameritech to its authorized agents approves the forming of sub-agency relationships. That memo, however, provides that sub-agents cannot use AMCI marks or present themselves as AMCI authorized agents without the express written consent of AMCI Retail Management. Metro did not have such written consent from AMCI.

Metro maintains that after the expiration of the Agreement, it made efforts to remove all indicia of its previous affiliation with plaintiffs from its operations. (Boni deposition, pp. 33-36; Siavrakas deposition, pp. 69-71, 75-76). Metro removed signage and printed material from its premises, and instructed its personnel to advise its customers that Metro was no longer an authorized agent.

The service order forms, which are essential to the sale and distribution of Ameritech CRS, as well as pricing plans and cellular service maps, all contain the Ameritech mark. (Burgess deposition, pp. 90-93). Therefore, when Metro distributes Ameritech CRS as an alleged sub-agent of Dreisbach, it necessarily has to use Ameritech's marks. In addition, Metro utilized promotional flyers and brochures, some of which identified the service being offered by the name "Ameritech." (Siavrakas deposition, pp. 217-219, 229;

Boni deposition, pp. 26, 30, 53-54); Plaintiffs' Exs. 20, 21, 22, 40).

For their part, plaintiffs continued to designate Metro as an "Authorized Dealer" on their monthly customer CRS statements for accounts previously activated by Metro, through November 1994. Ms. Burgess, Director Automotive for AMCI, explained that an outside company was responsible for deleting the name of any dealer from the customer bills once that dealer was no longer authorized. (Burgess deposition, pp. 44-51). For some reason, this was not done for nearly a year after the expiration of Metro's Agency Agreement.

Plaintiffs bring the present motion for summary judgment on their claims for breach of contract, trademark infringement and unfair competition. The relief sought by this motion is limited to the equitable remedy of a permanent injunction.

II. LEGAL STANDARD

Plaintiffs have moved for a permanent injunction by way of summary judgment. Before such a request may be granted, the Court must conclude that there are no issues of fact remaining for trial, and that plaintiffs are entitled to the relief requested as a matter of law. Moltan Co. v. Eagle-Picher Industries, Inc., 55 F.3d 1171, 1174 (6th Cir. 1995).

Pursuant to Fed. R. Civ. Proc. 56(c) a motion for summary judgment is to be granted only if the evidence indicates that no genuine issue of material fact exists. In order to avoid summary judgment, the opposing party must have set

out sufficient evidence in the record to allow a reasonable jury to find for him at trial. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986); Matsushita Electric Ind. Co. v. Zenith Radio Corp., 475 U.S. 574 (1986). The sufficiency of the evidence is to be tested against the substantive standard of proof that would control at trial. Anderson, supra. The moving party has the burden of showing that there is an absence of evidence to support the non-moving party's case. Celotex v. Catrett, 477 U.S. 317, 325 (1986). "[A] party opposing a properly supported motion for summary judgment may not rest on mere allegations or denials of his pleading, but must set forth specific facts showing that there is a genuine issue for trial." Anderson, 477 U.S. at 256. In disposing of a motion for summary judgment, this Court must consider the evidence in the light most favorable to the non-moving party, but may weigh competing inferences for their persuasiveness. Matsushita, supra.

III. ANALYSIS

A. Applicability of Federal Communications Act

Metro argues that Section 11 of the Agreement, which precludes defendants from participating in any level of the distribution of Ameritech CRS, is unjust and unreasonably discriminatory, in violation of the Federal Communications Act ("FCA"), 47 U.S.C. §§ 201(b) and 202(a). Section 201(b) requires that all charges, practices and regulations for communications services shall be just and reasonable. Section 202(a) makes it unlawful for a common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities or services, directly or indirectly, for like communication services, or to subject a

particular person to any undue or unreasonable prejudice or disadvantage.

Defendants argue that the language of the FCA makes it clear that the FCA is applicable to agents in the distribution of CRS. Defendants maintain that they are agents in this case because plaintiffs' official policy does not prohibit Metro's involvement as a sub-agent of an authorized dealer. Furthermore, plaintiffs themselves put their marks on all of the paperwork essential to obtaining access to Ameritech CRS, giving defendants no choice but to utilize the marks.

Plaintiffs argue that the Federal Communications Commission ("FCC") does not regulate the relationship between a carrier and its agents. In re Application of New Vector Communications Inc., 1984 FCC LEXIS 2114 (1984) ("This Commission does not regulate the contracts arrived at between a reseller such as New Vector Retail and its sales agents." Id. at ¶ 17). Sections 201(b) and 202(a) govern only communication services provided on a common carrier basis, and plaintiffs argue that a carrier/agent relationship is neither a communication service nor a common carrier service. Ameritech does not provide communication services to Metro, but rather to the people who sign up for services using Metro as their agent. See, International Telecharge, Inc. v. AT&T, 8 FCC Red 7304, 1993 FCC LEXIS 5144 (1993) ("commission payments are considered a business expense, not a communications service, and consequently are not governed by the nondiscriminatory provisions of Section 202(a). Id. at ¶ 20). Common carrier activities are those offered to "all people indifferently." Southwestern Bell Telephone Co. v. FCC, 19 F.3d 1475, 1480 (D.C. Cir. 1994). Ameritech, however, enters into agency agreements

with agents on an individual basis, therefore plaintiffs argue that the carrier/agent relationship is not a common carrier service.

Plaintiffs would have the Court conclude that the terms of a carrier's relationship with its agents are not communication services or common carrier services subject to regulation by the FCC. The Court agrees with plaintiffs. Neither the language of the FCA, nor the case law interpreting the FCA, indicates that it regulates a carrier's relationship with its agents. In conclusion, the Agreement entered between plaintiffs and defendants has been terminated, and defendants' continued use of plaintiffs' trademarks is a violation of that contract.

B. Agency

Plaintiffs contend that defendants have continued to act as an agent of Ameritech after the term of its agency expired on December 31, 1993. The Restatement (Second) of Agency, Section 386 states that "[u]nless otherwise agreed, an agent is subject to a duty not to act as such after the termination of his authority."

Defendants argue that they did not act as an agent of Ameritech after December 31, 1993. Defendants present evidence that Metro took steps to advise customers that Metro was not an authorized agent of Ameritech. (Boni deposition, pp. 33-36; Siavrakas deposition, pp. 69-76). Metro maintains that it properly established a sub-agency relationship with an authorized automobile dealer - Dreisbach - and was properly distributing Ameritech CRS through Dreisbach's automotive channel. Metro contends that only plaintiffs held Metro out as

an Ameritech agent by continuing to list Metro as the agent on the bottom of customer bills until November, 1994.

Plaintiffs argue that Dreisbach was not authorized to appoint a sub-agent under its contract with Delco (Plaintiffs' Ex. 86), and that Metro was aware Ameritech did not authorize sub-agency relationships with automobile dealers. (Siavrakas deposition, p. 114; Plaintiffs' Ex. 60). According to plaintiffs, even if Dreisbach gave Metro access to SMSA CRS, Metro was not properly authorized to promote and sell such cellular service, or to use Ameritech's marks.

There is no evidence that Dreisbach had actual authority to appoint sub-agents to promote and sell SMSA CRS. Similarly, Dreisbach did not have apparent authority to enter into a subagency relationship because defendants were aware that other automobile dealers were not authorized to do so. Modern Globe, Inc. v. 1425 Lake Dr. Corp., 340 Mich. 663, 667 (1954).

Finally, the 1986 Memo clearly states AMCI's policy that sub-agents must receive express written consent from AMCI before they can use AMCI's marks or otherwise represent themselves as AMCI authorized agents. It is undisputed that Metro used AMCI marks without receiving such express written consent.

The Court concludes that Dreisbach did not have authority to appoint Metro as a sub-agent for purposes of promoting and selling Ameritech cellular service, and using Ameritech trademarks.

C. Trademark Infringement and Unfair Competition

Plaintiffs allege that defendants have infringed their trademark rights, and have engaged in unfair competition, in violation of 15 U.S.C. §§ 1114 and 1125(a). When injunctive relief is sought, evidence of actual confusion is not necessary, although there must be a showing of a "likelihood of confusion." Frisch's Restaurant, Inc. v. Elby's Big Boy, 670 F.2d 642, 647 (6th Cir. 1982); Frisch's Restaurant, Inc. v. Shoney's Inc., 759 F.2d 1261, 1264, 1267 (6th Cir. 1985); Warner Bros., Inc. v. Cox Toys, Inc., 658 F.2d 76, 79 (2d Cir. 1981).

In this case, Metro is selling and promoting cellular service that actually originates from Ameritech. The Lanham Act prohibits a dealer from confusing the public as to another's sponsorship of goods and services, as well as to the source of the goods or services he offers. 15 U.S.C. § 1125(a)(1). There is no risk of confusion as to the source of the cellular service offered by Metro. Rather, the issue raised in plaintiffs' complaint is the perceived affiliation or sponsorship of the cellular service.
(Complaint, ¶¶ 19-25). The false suggestion of an affiliation with a trademark owner constitutes trademark infringement and unfair competition. Volkswagenwerk Aktungessellschafft v. Tatum, 344 F.Supp. 235, 237 (S.D. Fla. 1972). As plaintiffs point out, "[b]y offering customers a contract with Ameritech, Metro inevitably suggests an affiliation with, or authorization from, Ameritech . . . " (Plaintiffs' Brief in Support of Motion for Summary Judgment, p. 15). ESPN and HBO v. Edinburg Community Hotel, Inc., 735 F.Supp. 1334, 1342 (S.D. Tex. 1986).

The fact that Metro had been an authorized Ameritech agent, increases the likelihood of creating confusion among consumers as to Metro's right to continued use of Ameritech's marks. See, Burger King Corp. v. Mason, 710 F.2d 1480, 1492 (11th Cir. 1983). Plaintiffs have submitted the affidavits of several customers which attest to their confusion over the affiliation between Ameritech and Metro. (Plaintiff's Exs. F and 5). Metro also made use of promotional flyers which identified the CRS being offered as that of Ameritech.

Ameritech contends that Metro's unauthorized activities deprive it of control of the services provided under its trademark. Control is one of the most important attributes of a trademark. Blockbuster Ent. Group v. Laylco, Inc., 869 F.Supp 505, 516 (E.D.-Mich. 1994).

Defendants refer the Court to Sega Enterprises Ltd. v. Accollade, Inc., 977 F.2d 1510 (9th Cir. 1992), aff'd in part, rev'd in part, remanded 1993 U.S. App. LEXIS 78 (9th Cir. 1993), a case which is distinguishable from the present case. In Sega, the Court held that plaintiff was not entitled to an injunction because, as the owner of the trademark, plaintiff was responsible for creating confusion where its system could not be accessed without its trademark being published. Id. at 1528-30. Defendant did not intend for plaintiff's trademark to appear on the computer screen when one of its own programs was used. It was only because of plaintiff's system design that the Sega mark appeared whenever the system was activated.

In the present case, defendants argue that plaintiffs have made it such that Ameritech CRS cannot be sold without using Ameritech's official order form, which contains the Ameritech trademark. However, defendants are no longer

authorized to sell Ameritech CRS. Defendants, in effect, are asking this Court to order that the parties be forced to do business together. The Court is unwilling to do this. From all appearances, plaintiffs validly terminated their agreement with defendants, and defendants, by continuing to sell service contracts for Ameritech CRS, are creating the likelihood that consumers will be confused as to their affiliation with Ameritech.

Defendants argue that plaintiffs themselves have created the risk of confusion among consumers by listing Metro as an authorized dealer or agent on CRS customer invoices for a period of almost one year after Metro's Agreement was terminated. Ameritech, however, stopped this activity at the end of 1994, and now any risk of confusion which exists is attributable only to Metro. There is evidence that Metro attempts to inform its customers that it is no longer an authorized Ameritech agent, however it continues to sell Ameritech CRS, using Ameritech's marks in the process. The Court believes that any customer who signs up for Ameritech service through Metro would naturally believe that Ameritech approved of Metro selling its CRS.

Defendants next argue that Ameritech has lost its protection under the Lanham Act and Trademark Act because it permitted uncontrolled distribution of its mark. Plaintiffs do permit employers to advertise their service to employees in the workplace. However, this use of Ameritech's mark is carried out under plaintiffs' authority and control, unlike defendants' use. Defendants next argue that they are protected by the first sale doctrine because they merely used forms containing the Ameritech mark which they had received from Dreisbach, an authorized participant in the distribution

channel. However, the first sale doctrine applies to sales, and plaintiffs are in the business of selling CRS, not order forms. The first time the CRS at issue in this case is sold is when Metro fills out a service contract and processes under the name of Dreisbach. It would be a different story if Metro purchased air time from Dreisbach, after Dreisbach had purchased the time from Ameritech. Since that is not the case, the first sale doctrine is not applicable.

Defendants maintain that plaintiffs have unclean hands, preventing the injunctive relief sought. Defendants base this argument on the fact that plaintiffs wanted to get rid of Metro as a sales agent. The Court views the relationship between the parties as nothing but a business relationship, and sees no evidence of unclean hands on the part of plaintiff.

D. Permanent Injunction

In trademark infringement and unfair competition cases, the damage to a party's goodwill and reputation through public confusion constitutes immediate and irreparable injury, justifying injunctive relief. Helene Curtis Ind. v. Church and Dwight Co, 560 F.2d 1325, 1332-33 (2d Cir. 1977). In a case involving a terminated licensee or agent, the reasons for injunctive relief are so compelling that irreparable injury is presumed upon a showing of likelihood of confusion by consumers. Church of Scientology Int'l v. Elmira Mission, 794 F.2d 38, 43 (2d Cir. 1986).

III. CONCLUSION

For the reasons stated, the Court hereby GRANTS plaintiffs, Motion for Summary Judgment on breach of

contract (Count VII), trademark infringement (Count I) and unfair competition (Count II). The Court GRANTS the following equitable relief:

> Defendants, their agents, servants, employees, subsidiaries, licensees, and assigns, and all persons in concert or participation with them, are enjoined from:
> (a) soliciting customers to, accepting applications for, or otherwise offering for sale, Ameritech cellular service, or performing any other acts which may expressly or impliedly suggest any affiliation between Defendants and Ameritech; and
>
> (b) directly or indirectly using the Ameritech marks or any other mark or trade name confusingly similar thereto, either alone or in combination with any other word, terms, or design, in connection with their products and services.

Judgment shall enter accordingly.

/s/_____
GEORGE E. WOODS
UNITED STATES DISTRICT JUDGE

APPENDIX F

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

[Filed July 28, 1999]

No. 97-2059

On Appeal From The
United States District Court
For The Eastern District of Michigan

AMERITECH CORPORATION; AMERITECH MOBILE COMMUNICATIONS, INC., *Plaintiffs-Appellees*,	)
v.	)
METRO COMMUNICATIONS COMPANY; PETER SIAVRAKAS, *Defendants-Appellants.*	)

BEFORE: JONES, RYAN, and BATCHELDER, Circuit Judges.

Upon consideration of the petition for rehearing filed by the appellant,

It is **ORDERED** that the petition for rehearing be, and it hereby is, **DENIED**.

ENTERED BY ORDER OF THE COURT

/s/_____
Leonard Green, Clerk

APPENDIX G

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

No. 94-CV-72443-DT

AMERITECH CORPORATION, a Delaware corporation, and AMERITECH MOBILE COMMUNICATIONS, INC., a Delaware corporation, *Plaintiffs*,	)
v.	)
METRO COMMUNICATIONS COMPANY, a Michigan corporation, and PETER SIAVRAKAS, *Defendants*.	)

AFFIDAVIT OF PETER SIAVRAKAS

1. Peter Siavrakas, being first duly sworn, deposes and says that he makes the following statements from his personal knowledge, and if called as a witness in this matter would be competent to testify regarding them.

2. Attached hereto and incorporated herein as Exhibit 1A and 1B are the Income Statements related to the operation of Metro Communications

Exhibit 1A

METRO COMMUNICATIONS COMPANY
INCOME STATEMENT
FOR THE YEAR ENDING
DECEMBER 31, 1994

Darlene S. Vasei
Certified Public Accountant
1942 Hopedale
Troy, Michigan 48098
Telephone (810) 528-9238

Board of Directors
Metro Communications Company
Redford, MI 48240

I have compiled the accompanying Statement of Income for Metro Communications Company as of December 31, 1994 in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited, or reviewed the accompanying Statement of Income and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit the Balance Sheet, Statement of Cash Flow and the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might affect the user's conclusions about the Company's financial statements are not designed for those who are not informed about such matters.

/s/_____
Darlene S. Vasi
Certified Public Accountant
February 9, 1996

Metro Communications Company
Statement of Income
For the Year Ending 12/31/94

SALES:	
Sales New Equipment & Phones	$ 85,311
Phone Sales - Parts	11,146
Commissions	197,295
Tax Exempt - New Equip & Parts	16,457
Misc Sales - Parts & Labor	78,882
GROSS SALES	$ 389,091
COST OF GOODS SOLD:	
Equipment Purchases	$ 213,678
Other Shop Expenses	21,772
New Parts Purchases	29,222
Commission Paid	22,455
Freight	5,501
Automobile Expenses	28,465
TOTAL COST OF GOODS SOLD	$ 321,093
GROSS MARGIN	$ 67,998
OPERATING EXPENSES (see attached)	$ 699,677
INCOME (LOSS) FROM OPERATIONS	$(631,678)
OTHER INCOME:	
Interest Income	$ 30,099
Miscellaneous Income	31,577
GROSS INCOME (LOSS) BEFORE TAXES	$(570,002)
INCOME TAXES	NONE
NET INCOME AFTER TAXES	$(570,002)

Metro Communications Company
Statement of Operating Expenses
For the Year Ending 12/31/94

Office & Shop Salaries	$356,873
Utilities	8,667
Management Fee	54,746
Telephone	14,478
Building - Repairs & Maint.	2,213
Interest Expense	32,317
Office Expense	5,045
Advertising	16,272
Postage	1,505
Insurance	33,921
Property Tax Expense	6,796
Bank & Charge Card Fees	316
Payroll Tax Expense	31,808
Depreciation Expense	11,375
Legal & Professional	112,711
Office Meals & Entertain	87
Business Travel	7,826
Sales Promotion	2,655
Penalties	66
TOTAL OPERATING EXPENSES	$699,677

EXHIBIT 1B

METRO COMMUNICATIONS COMPANY
INCOME STATEMENT
FOR THE EIGHT MONTH PERIOD ENDING
AUGUST 31, 1995

Metro Communications Company
Statement of Income
For the Eight Month Period
Ending 8/31/95

SALES:	
Sales New Equipment & Phones	$ 39,349
Phone Sales - Parts	9,884
Commissions	79,767
Tax Exempt - New Equip & Parts	5,078
Misc Sales - Parts & Labor	17,184
GROSS SALES	$ 151,262
COST OF GOODS SOLD:	
Equipment Purchases	$ 54,621
Other Shop Expenses	5,815
New Parts Purchases	4,261
Commission Paid	8,295
Freight	1,409
Automobile Expenses	10,454
TOTAL COST OF GOODS SOLD	$ 84,855
GROSS MARGIN	$ 66,407
OPERATING EXPENSES (see attached)	$ 275,143
INCOME (LOSS) FROM OPERATIONS	$(208,736)
OTHER INCOME:	
Interest Income	$ 18,420
Miscellaneous Income	3,992
GROSS INCOME (LOSS) BEFORE TAXES	$(186,324)
INCOME TAXES	NONE
NET INCOME AFTER TAXES	$(186,324)

Metro Communications Company
Statement of Operating Expenses
For the Eight Month Period
Ending 8/31/95

Office & Shop Salaries	$ 37,126
Utilities	4,775
Management Fee	36,498
Telephone	5,371
Building - Repairs & Maint.	372
Interest Expense	25,023
Office Expense	7,720
Postage	589
Insurance	22,861
Property Tax Expense	5,403
Bank & Charge Card Fees	747
Depreciation Expense	7,583
Legal & Professional	117,794
Sales Promotion	2,429
Miscellaneous	85
Penalties	767
TOTAL OPERATING EXPENSES	$275,143

APPENDIX H

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

No. 94-CV-72443-DT

AMERITECH CORPORATION, a Delaware corporation, and AMERITECH MOBILE COMMUNICATIONS, INC., a Delaware corporation, *Plaintiffs*,	)
v.	)
METRO COMMUNICATIONS COMPANY, a Michigan corporation, and PETER SIAVRAKAS, *Defendants*.	)

AFFIDAVIT OF PETER SIAVRAKAS

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

Affidavit of Peter Siavrakas - 11/6/95

Peter Siavrakas, being first duly sworn, deposes and says:

1. I make the following statements of my personal knowledge, and if called as a witness in this action would be competent to testify regarding the same.

2. During the period since December 31, 1994, Metro Communications has not been engaged in any business activities other than those associated with the distribution of Detroit SMSA CRS.

3. Metro Communications has earned no profit from its post-December 31, 1993 activities related to the activation of Detroit SMSA CRS.

4. Metro Communications has suffered a net operating loss associated with such activities in excess of $500,000.00.

5. Attached as Exhibit 1 is a monthly breakdown of Metro's operating revenue and expenses for the period from January, 1994 through February, 1995 (the last month for which such information has been compiled).

Further Affiant sayeth not.

/s/_____
Peter Siavrakas

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

On this 6th day of November, 1995, before me, a Notary Public within and for the County and State aforesaid, personally appeared Peter Siavrakas, to me known to be the same person described in and who executed the foregoing instrument.

/s/_____
Cheryl L. Witherspoon
Notary Public

Summary of Revenue and Expenses Related to Post December 31, 1993 Activation of Detroit SMSA CRS by Metro Communications Company, Inc.

Month	Revenue	Expenses	Net Operating Profit(Loss)
Jan 94	$130,846.00	$190,566.00	($59,720.00)
Feb 94	$33,585.00	$132,216.00	($98,631.00)
Mar 94	$21,563.00	$85,234.00	($63,671.00)
Apr 94	$25,553.00	$153,582.00	($128,029.00)
May 94	$13,500.00	$51,986.00	($38,486.00)
Jun 94	$37,642.00	$65,723.00	($28,081.00)
Jul 94	$62,993.00	$68,340.00	($5,347.00)
Aug 94	$40,924.00	$46,967.00	($6,043.00)
Sep 94	$56,249.00	$52,910.00	$3,339.00
Oct 94	$34,998.00	$50,590.00	($15,592.00)
Nov 94	$25,951.00	$61,392.75	($35,441.75)
Dec 94	$37,189.00	$54,166.66	($16,977.66)
Jan 95	$32,837.00	$46,488.00	($13,651.00)
Feb 95	$31,066.00	$43,381.24	($12,315.24)
	$584,896.00	$1,103,542.65	($518,646.65)

APPENDIX I

DEPOSITION OF GORDON LAIRD
VOL. 1, MAY 25, 1995

* * *

[p. 29]

clearing house?

A. Clearing house or activation center, yes.

Q. And this is announcing a commission change?

A. Yes.

Q. Is this the current commission that's in effect?

A. Yes, it is.

Q. And for those activations done by Metro, is Dreisbach still receiving $20?

A. Correct.

Q. And so Metro would receive $210?

A. Yes.

Q. Let me show you Exhibit 77 and ask if you recognize that document.

A. Yes, I do.

Q: What is that?

A: It's an order form for sales material.

Q: And this is submitted to Ameritech?

A: Yes.

Q: Where did you get this form?

A: I receive it whenever I order anything, they enclose them in the packages to reorder.

Q: And what you're ordering are Ameritech brochures and forms?

A: Correct.

[p. 30]

Q: And do you use these materials in Dreisbach cellular business at the dealership?

A: Yes, sir.

Q: Let me show you Exhibit 78. Is this a similar form?

A: Yes, it is.

Q: And this has Metro written at the top of it?

A: Yes, it does.

Q: Are these materials that were ordered for Metro?

A: I don't know if all of them were ordered for them. I believe some are. I didn't write Metro on it. So I would assume some are.

Q: Do you know who did?

A: Lisa Rose wrote that.

Q: Would Lisa Rose be the person primarily responsible for submitting such orders?

A: Yes.

Q: And Dreisbach would provide these sales materials and forms to Metro?

A: Correct.

Q: Would that be at Metro's request?

A: Yes.

Q: Did you ever inform the GM clearing house

[p. 31]

that Metro was submitting activations using the Dreisbach name and agent code?

A: No, I did not.

Q: Do you know whether anyone from Dreisbach ever informed them of that?

A: I don't believe so.

Q: Was Dreisbach notified at some point that Ameritech would not pay commissions on activations for the employee advantage plan?

A: We were informed by Tony Pallet, I believe. I don't know the time period.

Q: Had Dreisbach ever submitted activations for the employee advantage plan up to that point?

A: No.

Q: Were you aware that Metro was submitting activations under that plan?

A: No.

Q: Did you become aware, at any point, that Metro was providing letters to customers to request switching to an employee discount plan?

A: No, I was not.

Q: Did Metro ever receive approval from Dreisbach to do that?

A: No.

Q: Let me show you Exhibits 45 through 50 and

just ask if you ever seen that form of letter in those exhibits?

A. No, I have not.

Q: Are you aware whether Dreisbach has ever received any complaints, written or oral, regarding Metro?

A: No, I am not.

Q: Has Dreisbach ever received any complaints about Ameritech?

A: Has Dreisbach received any complaints about Ameritech?

Q: Yes.

A: From our customers?

Q: From anyone. I assume it would be from the customer.

A: I don't believe so.

Q: And by Ameritech, I'm referring to Ameritech service or anything about their dealings with Ameritech.

A: Not that I recall.

Q: Now, you indicated before that you had had conversations with Tony Pallet regarding Dreisbach's relationship with Metro?

A: Yes.

Q: Do you recall when you first had such a conversation? [p. 33]

A: Shortly after we started doing activations. I don't know the date.

Q: And was that by telephone or in a meeting?

A: He stopped in unannounced.

Q: And where did you meet?

A: Right at the parts department.

Q: Was anyone else present?

A: No.

Q: And what was the substance of that discussion?

A: Tony mentioned that he knew that we were doing activations and he'd like us to stop. The program through Delco was not setup for that reason.

Q: And anything else that you can recall?

A: I believe he said that he can't make us stop, he just wished that we would.

Q: Anything else that he said that you can recall?

A: Not that I can recall.

Q: Do you remember what you said?

A: I believe I said well, we just made a business decision, if we are not doing anything wrong, we'll probably continue.

Q: Did Tony Pallet have any response to that?

[p. 34]

A: I don't know. I don't remember. I can't recall.

Q: Can you recall anything else that you said?

A: The first meeting or -

Q: In that first conversation.

A: I don't know what else was said.

Q: Did you then have another discussion with Tony Pallet on that subject?

A: Yes, we did.

Q: When did that happen?

A: I don't know the date. It was a meeting with Tony Pallet, Levy Stubbs and Shirley Johnson in Mark Dreisbach's office.

Q: And Mark Dreisbach was there?

A: Correct.

Q: And you were there?

A: Yes.

Q: Anyone else?

A: Nope.

Q: And what was the substance of that discussion?

A: Pretty much the same as the first one. They requested that we stop doing business with Metro Communications. And we again stated that we are not doing anything illegal, General Motors cannot stop us

[p. 35]

and Ameritech cannot stop us. They wished that we would stop because this program was not meant for that.

They claimed that this would pretty much be bad for the whole program. And Tony said that he'd help us market if we wanted to make more money, he'd help to do a marketing program with us. And I said I

didn't see any difference between what another competitor of ours was doing, referring to Massey Cadillac. There is one exhibit I gave you earlier.

Q: Exhibit 89 you're referring to?

A: Exhibit 89, yes. Page 7. They were advertising employee advantage plan savings. And I said well, they were stating that this was meant just for GM or our customers only. This is the way it looks like in the paper. And Massey Cadillac is advertising for all employee advantage plan savings. They don't stipulate.

And then Tony said that they would put a stop to that. And I don't know if I am getting this confused with the first meeting or the second meeting. It was brought up that they would put a stop to it. At that following meeting, I don't know if it was another meeting after the one with Mark, I

[p.36]

brought this up again. And he said well, you can do the same thing if you want. And I got that he was saying we can advertise employee advantage plans. The previous time he said that he was going to put a stop to that.

Q: Well, in these discussions with Tony Pallet, was his concern that you were activating employee advantage plans or that you were using Metro?

A: It seemed to me pretty much that we were activating Metro and had an outside concern helping us activate.

Q: You're not aware that Don Massey used an outside independent contractor?

A: No.

Q: In the meeting that you were discussing with Mr. Dreisbach present, can you recall anything else that was said at that meeting?

A: No.

Q: Now, is it your testimony that there was another meeting after that?

A: I think there was three meetings, that just kind of - I remember parts of the one meeting with Mark Dreisbach. But I don't know when this one came up, this discussion on the Don Massey ad, if it was . . .

APPENDIX J

DEPOSITION OF PETER SIAVRAKAS
VOL. 2, MARCH 10, 1995

* * *

[p. 161]

Also, Mr. Mike Berry was no longer working as an employee for Metro Communications. He also needed a job.

Q: As of when was Mike Berry no longer an employee of Metro?

A: As of the first of the year. I believe I paid him the first week of January 1994.

Q: He was an employee prior to that?

A: Yes.

Q: Go ahead.

A: So the intent was also for him to get involved, get back into the cellular business. Metro Communications had no source at that time and Mr. Mike Berry had no source, and Mr. Mike Berry chose to go ahead and develop a business relationship with Fairlane Ford directly because he spoke to Mr. Fred Sala and supposedly Mr. Sala and Mr. Ed Summers and Mr. Mike Berry, all parties agreed to do that.

Q: So Fred Sala said it would be okay if it was Fairlane Cellular Sales as opposed to Metro?

A: According to what Mr. Berry told me, yes.

Q: But you weren't involved in those conversations?

A: No.

[p.162]

Q: Let me show you what's been marked as Plaintiff's Exhibit 5 and ask you if you can identify that.

A: Well, this is a contract that was signed between two parties, Fairlane Cellular Sales and Fairlane Ford, on March 14th, 1994.

Q: Have you seen that before?

A: Yes.

Q: Were you involved in negotiating the terms of that contract at all?

A: No. When you say "the terms," the structure of the language of the contract?

Q: Well, I mean, that would affect the structure of the contract, but the terms are the agreement between the parties. Were you involved in negotiating that with Fairlane Ford?

A: If I was involved?

Q: Yes.

A: No. As I told you before, I had no more involvement between myself and Fairlane Ford, period.

Q: Okay. If you look at paragraph 1(a) of this contract, this indicates that "Company",

[p. 163]

referring to Fairlane Ford, "hereby appoints and grants FCS," referring to Fairlane Cellular Sales, "the right to promote cellular telephone service on the Ford cellular system subject to all of the terms and conditions of Ford Motor Company cellular telephone activation program for dealers," do you see that?

A: Yes.

Q: Let me show you what I've marked as Exhibit 6 and ask if you can identify that.

A: It appears to be a contract by Ford Motor Company and Fairlane Ford Sales to promote the cellular system in a Detroit market, and it was dated September 1st, 1993.

Q: When the independent contractor agreement marked as Exhibit 5 refers to the Ford Motor Company cellular telephone activation program in paragraph 1(a), is it your understanding that it's referring to the program that Fairlane Ford was participating in pursuant to Exhibit 6?

A: I have no understanding exactly, since I did not draw up the contracts.

Q: Okay. After this contract was signed between Fairlane Ford and Fairlane Cellular Sales

[p.164]

on March 14th, 1994. Fairlane Cellular Sales continued to use space at Metro after that point, right?

A: Yes.

Q: And it's true, isn't it, that Metro Communications received some of the commissions on activations that were generated under this agreement for a period of time?

A: Generated under that agreement?

Q: Right.

A: I'm not sure what you're asking me, but I can explain to you how the conditions were -

Q: Why don't you do that?

A: - with Mr. Mike Berry and Metro Communications.

Q: Okay.

A: Metro Communications and Mr. Michael Berry developed a verbal agreement that Mr. Mike Berry

was authorizing Metro Communications to process customers through Mr. Mike Berry's operation.

Q: And Mike Berry's operation, in turn, was processing customers through Fairlane Ford?

A: That's my understanding.

Q: Okay.

* * *

[p.181]

employees would do that, how did it work?

A: Michael Berry gave us the necessary documents, including the Ameritech contract that was given to him by Mr. Ed Summers. He gave it to my office personnel, so each customer that was processed, my office assisted filling out the application and the application was sent to Ford cellular clearinghouse for approval.

Q: How were they sent?

A: Normally, through the fax machine.

Q: So your employee would fax the Ameritech contract to the Ford clearinghouse?

A: Yes.

Q: Is that it?

A: As far as what?

Q: The next step would be the customer would have the service?

A: Well, provided that the Ford clearinghouse will approve the customer, they will assign a telephone number and fax the approval back to Metro Communications, and my office would proceed to program the telephone number into a particular phone that the customer chose to buy from us, and of course the customer would sign the service agreement and the service agreement was, in

[p. 182]

return, given back to Mr. Michael Berry. Mr. Michael Berry, in return, returned those agreements to Fairlane Ford.

Q: Do you know why he did that?

A: As proof of evidence that Mr. Michael Berry processed a customer. Just, I assume, to show that the contract is in effect with the particular customer.

Q: And Fairlane Ford would get the commission for that activation?

A: I assume. From then on, I have no control at all. I assume that's what happens, the commission will come from Ford Motor Company to the dealer and the dealer, in essence would pay Mr. Michael Berry.

Q: Then Mike Berry would report back to Metro with the money and give Metro its portion of the money and keep whatever he was to keep?

A: Yes. I think we done only, you know, a certain amount of those customers.

Q: Okay, and as far as you know, they were customers that Mike Berry did himself that Metro employees were not involved in?

Well, strike that. I think you testified before your employees would do all of the

[p.183]

activations?

A: Will assist Michael Berry for all the processing the applications.

Q: Okay.

A: They will get filled out by my employees.

Q: I want to show you what's been marked as Exhibit 8 and ask, do you recognize that?

A: Yes, looks like a breakdown of the equipment accessories and the bag cellular telephone, what was being promoted through the Ford assembly plant in Wixom.

Q: This is a promotion of some kind that was available to the employees at Wixom assembly?

A: What do you mean promotional? This is something that we did not create. Ford Motor Company, apparently, was involved with this particular document.

Q: Okay. If you know, did Mike Berry use this to solicit equipment and service sales at Wixom assembly plant?

A: That's my understanding yes, he did that.

Q: Did any Metro employees use this document to solicit equipment and service sales?

A: To solicit?

Q: Yes.

[p. 184]

A: No.

Q: Now, you said that you continued, even after the establishment of the relationship with Fairlane Cellular, you continued to look for somebody that Metro could have a direct relationship with, correct?

A: Yes, to be their sales agent.

Q: And eventually you found Dreisbach?

A: Yes.

Q: When did you first contact Dreisbach about a relationship?

A: I have to refer to my notes.

Q: Do you have notes on that?

A: I think so. According to my note, it was sometime in May, early May 1994 when I first contacted Mr. Mark Dreisbach and Mr. Gordon Laird.

Q: What prompted you to contact Dreisbach?

A: I was looking to have a connection with an existing company, to be their sales agent, because Mr. Fred Sala from Ford Motor Company had opposed the relationship that Mr. Ed Summers from Fairlane Ford and Mr. Mike Berry were under.

Q: At some point Mike Berry moved out of the Metro premises?

* * *

[p. 209]

at the same time; in other words, Fairlane Ford, Dreisbach and/or Armstrong Buick?

A: There was an overlapping period during the summer of 1994, yes.

Q: How would Metro determine which organization to process the activation through?

A: We didn't have any set standards, if that's what you're asking me, no, there were no standards, because, like

I said, there was - at that time it was up in the air what entity we were allowed to process the application through, so it was some overlapping between the two or three entities that existed at that time.

Q: During that overlap period, would, essentially, the Metro employee just decide which auto dealer to go through?

A: There were - well, the Metro employee, I guess you can say that, yes, they decided that.

Q: Do you have any signs at Metro's premises that indicate or identify your relationship with Dreisbach?

A: No, there are no signs to identify my relationship. The signs that we have identifies primarily one of the equipment manufactures that we were authorized to sell and service.

[p. 210]

Q: Did you at any point have any signs indicating a relationship with Fairlane Ford?

A: Any like outdoor signs?

Q: Well, any outdoor or indoor, but -

A: To do what? I don't understand.

Q: To identify that you had a relationship with Fairlane Ford.

A: No.

Q: I take it same answer with respect to Armstrong Buick?

A: Yes.

Q: My question, I've referred to signs. That may have been overly limited. Did you have any like notices up or promotional literature or brochures around your office that indicates that you had a relationship with any of those auto dealers?

MR. MORGAN: Objection to the form of the question, "that indicated that." That would be a conclusion reached by a person observing and therefore seeks the state of mind of another person and is therefore outside the definition of personal knowledge, so but for that portion of the question, I don't think it was objectionable, but when you tag that onto it, it changes the nature of the

[p. 211]

question and I think that the question is not properly formed.

MR. POWELL: Okay.

Q: (By Mr. Powell, continuing): Well, let me amend it to say that were designed or intended to indicate a relationship between Metro and any of those auto dealers.

A: We, Metro Communications, our program was, since we're no longer an Ameritech agent, we made our customers aware that, "We're no longer an Ameritech authorized agent, but yes, we can sell you the equipment, we can sell you the service, but we have to go through the car dealers now to process your application."

So customers have been and they were aware exactly what we were doing, and the same customers were - still wished and continued to do business with us up to a certain degree, as long as we're able to compete. They were coming to us, and it didn't matter to them how we were structured at all, but they knew up front our relationship with Ameritech had ended.

Q: They knew that up front not because of any sign or notice that you had up on the premises but because your employees told them that?

[p. 212]

A: The employees told them, and also, on the application when they signed for service, we indicated that, "We have to go through the car dealers now to process your application," and none of them ever offered any objection.

Q: Did you instruct your employees to always tell the customer that the activation had to go through a car dealer?

A: We instructed to tell them that we cannot provide the services anymore as an authorized Ameritech agent, we said that many times.

Q: Were your employees instructed to always tell the customer that?

A: They were instructed, yes, to tell the customer.

Q: Were they to volunteer that information even if the customer didn't ask?

A: I don't think that we actually volunteered that information as you would be to every single person. The intent was and the message that we gave across at least to the majority of our customers, when there was some need or another, we pointed this out.

Q: Okay. Did you have any signs or notices up

[p. 213]

at your premises stating that you were not an authorized Ameritech agent?

A: No. I'm sorry. I have to add, just to clear the record, Mr. Powell, we had signs, when I was an authorized Ameritech agent, all over the place. We had a big sign, and still is today. Now we're using it for the Motorola display. Before, it was Ameritech.

And it's very apparent from the street, so that Ameritech sign has come down since January of 1994 and all other signs inside my office and my building

have been pulled off, and it's very apparent for the customer who come in, because they know us because I've been there for twenty years. They can spot this, that "What happened to the Ameritech signs?" So generally, most people, they will ask, and that's when especially, we would bring it up to their attention that we're no longer an Ameritech authorized agent.

It was very apparent that something has changed before and after.

Q: All right. Well, are you saying that you didn't have any new customers that hadn't had a

[p. 214]

relationship with you before come to you after you established this relationship with Dreisbach?

A: I didn't have any new customers?

MR. MORGAN: Objection, argumentative.

MR. POWELL: It is?

Q: (By Mr. Powell, continuing): Didn't you, after establishing these relationships with the auto dealers, didn't you have new customers come to Metro who had never previously had a relationship with Metro?

A: Again, you say that didn't have a relationship with Metro?

Q: Yes.

A: There may have been very few, possible, but the majority of the customers which I had already, they came back for additional equipment, and also they were being viewed as new customers because they add additional service.

Q: Did you have any people come that had never had a cellular phone or service before come to Metro?

A: Well, I'm sure we did, yes, we had a few of those.

Q: But you think that's very few compared to

[p. 215]

the total number of activations that you've done since then?

A: You're mixing the two together because of the fact that a new customer can be an existing customer and still be viewed as a new customer.

All I said was -

Q: I'm trying to use the word in its normal meaning. If that's argumentative, I'm sorry.

MR. MORGAN: I'm just not quite sure what its normal meaning is.

MR. POWELL: I know. That's what we have a hard time figuring out, what "new" means.

Q: (By Mr. Powell, continuing): I'm talking about customers who had never had any dealings with Metro Communications Company. Did you have any such customers come to you in 1994?

A: I already stated the answer is yes, and those were, proportionally speaking, few in comparison to other customers that already knew me under - as an authorized agent.

Q: Okay. Do you have any idea what percentage that would be in terms -

A: No, I don't have it calculated, but I can tell you it was relatively few. The majority were -

[p. 216]

Q: I'm just trying to get an idea what you mean by "relatively few", what that means to you when you say that.

A: I don't have any specific figures, but I said, proportionately speaking, few in comparison to existing Metro equipment customers.

Q: Okay.

A: Just to clear the record - I'm sorry - number one reason, we didn't really advertise because we didn't have any more co-op funds from anyone to promote ourselves, so primarily we depended within our existing customer base to have any activity, you know.

Q: Well, didn't you distribute flyers at various companies advertising your equipment?

A: There were existing equipment customers, existing - when I say "customers", they were primarily to corporations and their employees that we already had contacted before, so we were soliciting those customers for additional equipment purchases, and that was done through the fax machine.

Q: So you wouldn't physically have salespeople go out to these employers?

A: I think Mr. Michael Berry may have done . . .

APPENDIX K

DEPOSITION OF VALLEE

* * *

[p. 172]

Mr. Vogelheim and perhaps others.

A. I went to Karl's office, and we discussed Peter's heavy subscriber activity, and Karl expressed concern over our revenue loss due to the commissions that would be paid to Peter under his current contract. Karl stated that there were concerns about protecting ourselves economically from Mr. — the statements were made from Jack Rooney according to Karl — that there were concerns about our economic protection and that Mr. Rooney was not opposed to having Peter not participate in this fashion with us any longer.

Q. Are those the words that you recall Mr. Vogelheim using, "Peter not participating with us in this fashion any longer"?

A. No, I don't recall if those were the words.

Q. Do you recall more specifically what his actual words were?

A. Yes, sir.

Q. What did he say?

A. "Rooney's pissed."

Q. Okay. Did he say anything else?

A. He wants Peter out of here.

Q. Did he say anything else?

[p. 173]

Q. Do you have an opinion regarding the quality of service provided by Metro Communication to cellular consumers?

A. Yes, sir.

Q. What is your opinion?

A. Metro Communications in my opinion offers the best customer service of any agent we have. That's a fact.

MR. MORGAN: Thank you. I have no other questions of the witness.

Thank you.

MR. MCINTYRE: I have none at this time.

The witness is excused.

APPENDIX L

AMERITECH

VIA HAND DELIVERY AND FACSIMILE

December 31, 1993

Mr. Peter Siavrakas, President
Metro Communications Company
24350 Capitol Avenue
Detroit, MI 48239

RE: Expiration of Authorized Sales Agency Agreement dated November 1, 1988 (the "Agency Agreement") by and between Ameritech Mobile Communications, Inc. ("American Mobile"), as the general partner of and on behalf of the Detroit SMSA Limited Partnership ("Detroit SMSA"), and Metro Communications Company ("Metro")

Dear Mr. Siavrakas:

We hereby confirm that both the Agency Agreement and the sales agency relationship which it creates will automatically expire on December 31, 1993, pursuant to Agency Agreement, Section 3. The parties' Equipment Distribution Agreement dated January 1, 1992, will end simultaneously pursuant to its terms (see Equipment Distribution Agreement, Section 10.1).

As of January 1, 1994, Metro must cease and desist from holding itself out as an authorized sales agent of Ameritech Mobile, and Ameritech Mobile will neither accept any further cellular service activations from Metro, nor sell any further equipment to Metro.

Ameritech Mobile requests that Metro immediately make ready to turn over all of Ameritech Mobile's Customer Information, as defined in the Agency Agreement, together with all materials relating to Ameritech Mobile's trademarks and trade names and any cellular inventory which belongs to Ameritech Mobile. Our representative will call upon Metro at the address above on Monday, January 3, 1994 at 10:00 a.m. to inspect the premises and retrieve Ameritech Mobile's property.

Any and all phone calls and/or inquiries from actual or potential Ameritech Mobile Customers received on or after January 1, 1994, must be promptly referred to Ameritech Mobile's Customer Service Department.

Metro is reminded of its duty to comply with the surviving provisions of both Agreement, including but not limited to those set forth in Agency Agreement Sections 4.j, 4.n, 8, 9, 10, 11, 13, 14, 15, 16,17 and 18; the Agency Agreement's Terms and Conditions of Commission Payment; and Section 10.2 of the Equipment Distribution Agreement. Nothing in this letter shall effect or be construed to effect Metro Communications Company's continuing duties of loyalty to Ameritech Mobile.

Of course, Ameritech Mobile and Detroit SMSA will abide by any Order entered by any Court of competent Jurisdiction concerning the subject matter of this Letter.

Sincerely,

/s/_____
Deborah Ravetta

DJR:jac

cc: Kenneth Morgan, Esq.
Kenneth J. McIntyre, Esq.
Q.T. Kenan
Larry Vallee
Andrea Steinkuller
Marc Barnett
Sylvia Millington
John Dalquist

APPENDIX M

US Code as of: 01/26/98

Sec. 1114. Remedies; infringement; innocent infringement by printers and publishers

• (1) Any person who shall, without the consent of the registrant -

o (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

o (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this subsection, [1] the term "any person" includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

•(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section 1125(a) of this title shall be limited as follows:

o (A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.

o (B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such

newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

o (C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

o (D) As used in this paragraph -

- (i) the term "violator" means a person who violates section 1125(a) of this title; and
- (ii) the term "violating matter" means matter that is the subject of a violation under section 1125(a) of this title.

Footnotes

[1] So in original. Probably should be "paragraph,".

Sec. 1115. Registration on principal register as evidence of exclusive right to use mark; defenses

- (a) Evidentiary value; defenses
  Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or ora mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered.

- (b) Incontestability; defenses
  To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the

mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently; or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

o (5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or

• (C) publication of the registered mark under subsection (c) of section 1062 of this title: Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

o (6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: Provided, however, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

o (7) That the mark has been or is being used to violate the antitrust laws of the United States; or

o (8) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

Sec. 1117. Recovery for violation of rights

- (a) Profits; damages and costs; attorney fees
When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 1125(a) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

• (b) Treble damages for use of counterfeit mark

In assessing damages under subsection (a) of this section, the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever is greater, together with a reasonable attorney's fee, in the case of any violation of section 1114(1)(a) of this title or section 380 of title 36 that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services. In such cases, the court may in its discretion award prejudgment interest on such amount at an annual interest rate established under section 6621 of title 26, commencing on the date of the service of the claimant's pleadings setting forth the claim for such entry and ending on the date such entry is made, or for such shorter time as the court deems appropriate.

• (c) Election of award of statutory damages

In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a) of this section, an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of-

o (1) not less than $500 or more than $100,000 per counterfeit mark per type of goods or services sold,

offered for sale, or distributed, as the court considers just; or

o (2) if the court finds that the use of the counterfeit mark was willful, not more than $1,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

Sec. 1125. False designations of origin, false descriptions, and dilution forbidden

- (a) Civil action
  - (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
    - (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
    - (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.
  - (2) As used in this subsection, the term "any person" includes any State, instrumentality ora State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject

to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

- (b) Importation

  Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.

- (c) Remedies for dilution of famous marks

  o (1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to -

  - (A) the degree of inherent or acquired distinctiveness of the mark;
  - (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

- (C) the duration and extent of advertising and publicity of the mark;
- (D) the geographical extent of the trading area in which the mark is used;
- (E) the channels of trade for the goods or services with which the mark is used;
- (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
- (G) the nature and extent of use of the same or similar marks by third parties; and
- (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

o (2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

o (3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

o (4) The following shall not be actionable under this section:

- (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
- (B) Noncommercial use of a mark.
- (C) All forms of news reporting and news commentary.

APPENDIX N

BEST AVAILABLE COPY

MEMORANDUM

Copy to: Bob
Barb O.
Q.T.
Tony Valle

Metro Comm is doing illegal activation thru a Ford dealer!? Tony, Damon that you will look into this!
David
Thx

To: David Zinser

From: Bob Newman

Re: Metro Comm sales activity

Date: May 9,1994

Attached is a copy of the Magnum "E", new application screen, for Ms Arlene Barnes. Ms Barnes is the customer we discussed on Monday, May 9, who had contacted us regarding our 24 hour activation process at Metro Comm.

Wishing to activate a new line, she visited Metro Comm. and was advised that they could activate a new line but, indicated it would take 24 hours. Her call was to inquire why, in the past when she purchased her husbands phone, activation occurred the same day, today it would take 24 hours.

The call was handled by Christine Seay. Christine brought this issue to me as she realized that Metro Comm. is not an authorized agent. Christine called the number (534-9350) provided by the customer and was given the same information. When she inquired as to why it would take 24 hours the sales representative (name not available) indicated that they are not an Ameritech Agent and had to do the activation through the "shop next door". The application attached was run by agent code FA 01 (FORD).

Christine did try to refer the customer to an alternate agent. Ms Barnes was reluctant because, as a wise consumer, she had shopped around and found this to be her best deal. She indicated that ACC was selling the same phone for an additional $50.00. Christine did not persist and assured Ms Barnes that the process did sometimes take longer depending on the point of sale.

If you have any questions or need additional information, please let me know.

melcom.doc

APPENDIX O

DATE: 1/20/94 COMMISSION STATEMENT PAGE: 1
AGENT CODE: QE DATE PERIOD: 11/19-12/18 93 PHONE:
NAME: METRO COMMUNICATIONS BILL CYCLE - DEC 1993
CONTRACT END DATE: 000000 MARKET - DETROIT VENDOR CODE: 01081 CURRENT RAMP: 10897

LINE COMMISSION	PRIOR DEACTS	YTD DEACTS	NET LINES	NEW ACCTS	RAMP LOSSES	FUTURE LOSSES	COMMISSION	CHARGEBACK	TOTAL COMMISSION	COMMISSION PAYMENT
YTD LINE BEGINNING TOTAL:	98	862	7293	7991	61					
MONTHLY LINE ACTIVITY:	2	101	2899	2802	35		965,582.91	17,413.74	948,169.17	948,169.17
YTD LINE ENDING TOTAL:	38	963	10092	10793	96					

LINE MAINTENANCE COMMISSION	TRANS-ACTIONS	TOTAL CHARGES	PCT	MAINTENANCE	
CURRENT MONTH ACTIVITY:	643	57,481.8900	2.0	1,149.36	
:	9082	327,919.2000	4.0	13,116.77	
MONTH LINE MAINT TOTAL:	9725	385,381.0900		14,666.01	14,666.01

1992+ RESIDUAL	TRANS-ACTIONS	BILLING TOTAL	PCT	RESIDUAL	TOTAL RESIDUAL	
PRIOR	119	9,192.40	4.0	367.70	367.70	367.70

PRIOR CONTRACT COMMISSION COMMISSION	AGENT CODE	BILLING TOTAL	PCT	TOTAL COMMISSION	
CURRENT MONTH ACTIVITY:	2K	22,101.13	2	642.02	642.02

INSTALLATION MAINTENANCE COMMISSION	AGENT CODE	BILLING TOTAL	PCT	TOTAL COMMISSION	
CURRENT MONTH ACTIVITY:	2K	590.11	2	11.80	
CURRENT MONTH ACTIVITY:	KG	79.47	2	1.59	
NON INSTALL MAINT. TOTAL:		669.58		13.39	13.39

ADJUSTMENT TO COMMISSION ADJUSTMENT

DATE: 1/20/94 COMMISSION STATEMENT PAGE: 2
AGENT CODE: QE DATE PERIOD: 11/19-12/18 93 PHONE:
NAME: METRO COMMUNICATIONS BILL CYCLE - DEC 1993

*1	1,357.50-	
CORRECT NOV 93 RESIDUAL:	514.74-	
*2	200.00-	
*3	497,988.65-	
PHONE NO. CHANGES:	135.00	
BUSINESS BUILDERS:	68,231.50-	
MONTHLY ADJUSTMENT TOTAL:	568,157.39-	568,157.39-

TOTAL COMMISSION: 397,700.90

REMARKS: # *1 313 220-6300, 7484, 313-801-2022, 313 719-6978, 6982, 313-929-7360 NO 2ND COMM DUE FOR AOS (CEP)
*2 313-890-0968, 313-770-4587 NO 2ND COMM DUE FOR AOS (CEP)
*3 HOLD FOR RESERVES

Sent on 3/7/94 RPS

DATE: 2/04/94 COMMISSION STATEMENT PAGE: 147
AGENT CODE: QE DATE PERIOD: 12/19-01/18 94 PHONE:
NAME: METRO COMMUNICATIONS BILL CYCLE: JAN 1994
CONTRACT END DATE: 000000 MARKET DETROIT VENDOR CODE: 01091 CURRENT RAMP: 2094

LINE COMMISSION	PRIOR DEACTS	YTD DEACTS	NET LINES	NEW ACCTS	RAMP LOSSES	FUTURE LOSSES	COMMISSION	CHARGEBACK	TOTAL COMMISSION	COMMISSION PAYMENT
YTD LINE BEGINNING TOTAL:										
MONTHLY LINE ACTIVITY:	0	149	1922	2107	73		726,911.67	24,840.00	704,071.67	704,071.67
YTD LINE ENDING TOTAL:	0	149	1922	2107	73					

LINE MAINTENANCE COMMISSION	TRANS-ACTIONS	TOTAL CHARGES	PCT	MAINTENANCE	
CURRENT MONTH ACTIVITY:	888	28,411.2400	2.0	568.22	
	9223	199,098.0900	4.0	7,963.80	
MONTH LINE MAINT TOTAL:	6381	227,509.3300		8,532.02	8,532.02

1993+ RESIDUAL	TRANS-ACTIONS	BILLING TOTAL	PCT	RESIDUAL	TOTAL RESIDUAL	
PRIOR	22	1,387.60	4.0	55.50	55.50	55.50

1992+ RESIDUAL FOR OUT OF MKT VISC	TRANS-ACTIONS	BILLING TOTAL	PCT	RESIDUAL	TOTAL RESIDUAL	
PRIOR	4	129.05 -	4.0	5.16	5.16	5.16

PRIOR CONTRACT COMMISSION	AGENT CODE	BILLING TOTAL	PCT	TOTAL COMMISSION	
CURRENT MONTH ACTIVITY:	2K	21,047.46	2	420.95	420.95

INSTALLATION MAINTENANCE COMMISSION	AGENT CODE	BILLING TOTAL	PCT	TOTAL COMMISSION	
CURRENT MONTH ACTIVITY:	2K	586.56	2	11.73	
CURRENT MONTH ACTIVITY:	KB	69.01	2	1.38	
NON INSTALL MAINT. TOTAL:		655.57		13.11	13.11

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DATE: 2/04/94
AGENT CODE: OE
NAME: METRO COMMUNICATIONS

COMMISSION STATEMENT

DATE PERIOD: 12/19-01/18 94
BILL CYCLE - JAN 1994

ADJUSTMENT TO COMMISSION	ADJUSTMENT
BUSINESS BUILDERS:	77,828.80-
MONTHLY ADJUSTMENT TOTAL:	77,828.80-

REMARKS:

77,828.80-

TOTAL COMMISSION: 636,972.81

APPENDIX P

GM & EDS Employees

Low Rates on Service for Employees

Fax or Mail your Application Today!

WHILE SUPPLIES LAST

Motorola TRAVELER TOTE PHONE

Total Purchase Price FOR ONLY **$1.00**

Complete with cigarette lighter adapter & built-in antenna

Motorola DPC-550 FLIP PHONE

Total Purchase Price FOR ONLY **$119.00**

Complete with battery, charger & built-in antenna

PLAINTIFF'S EXHIBIT 34

ALL STATE LEGAL SUPPLY CO.

Special Employee Rate • Call For Details!

Choose One FREE
Custom Calling Feature
- **Mobile Message Service**

or
- **Detailed Billing**

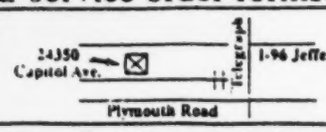
Activation Fee WAIVED!
with 3 Year Contract

CALL METRO COMMUNICATIONS

• **24 hour turn around** upon receipt of completed cellular service order forms.

METRO COMMUNICATIONS COMPANY

Michigans Largest Cellular Car Phone Dealer
24350 Capitol Ave., Redford, MI 48239



24350 CAPITOL AVE.
REDFORD, MI 48239
PHONE: (313) 534-9350
FAX: (313) 534-9780

• A standard credit approval is required for Cellular service and you must bring in your driver's license and a valid I.D. card.
One year minimum commitment required - New line acuvations only. Prices subject to change without notice.

GM & EDS EMPLOYEES

Low Rates on Service for Employees

Please Post

Fax or Mail your Application Today.

Motorola TRAVELER TOTE PHONE

Total Purchase Price FOR ONLY **$1.00**

Complete with cigarette lighter adapter & built-in antenna

Motorola DPC-550 FLIP PHONE

Total Purchase Price FOR ONLY **$119.00**

Complete with battery, charger, & built-in antenna

Fully Authorized Warranty & Service Center

PLAINTIFF'S EXHIBIT 35 ALL-STATE LEGAL SUPPLY CO.

Special Employee Rate

PHONES SHIPPED VIA UPS $4.00

Choose One FREE
Custom Calling Features
-Mobile Message Service, or
-Detailed Billing

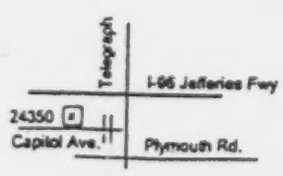
Monthly Service Rates As Low As
$17.00 / Line / Month
-No Usage Required-
$ .33/min. - Peak Hours
$.17/min. - Non - Peak Hours

• SAVE $35.00 ACTIVATION FEES Refunded after 4th month of service paid. Call for details

CALL METRO COMMUNICATIONS ★
24 hour turn around upon receipt of completed cellular service order forms.

METRO COMMUNICATIONS COMPANY

Michigan's Largest Cellular Car Phone Dealer
PHONE: (313) 534-9350
FAX: (313) 534-9780



METRO COMMUNICATIONS COMPANY
24350 CAPITOL AVE.
REDFORD, MI 48239
PHONE: (313) 534-9350
FAX: (313) 534-9780

★ A standard credit approval is required for Cellular service and you must bring in your driver's license and a valid I.D. card. One year minimum commitment required • New line activations only. Prices subject to change without notice.
"ACTIVATION FEE REFUNDED W/PROOF OF FOURTH BILL COPY PAID"

108a

PLAINTIFF'S EXHIBIT 25
ALL-STATE LEGAL SUPPLY CO.

Cellular Service **Order Form** – Michigan

Ameritech

User Number — — Order Number BOAD (If applicable)

ESN Number Date Processed Date Installed

Job Reference Number Credit Class Deposit Amount (If applicable) $ Existing Cellular Number (If applicable) — —

Type of Order:
☐ New Order ☐ Rental (See attached contract)
☐ Line Only
☐ Re-instate
☐ Assumption of service
(Previous Account Name)

Market: _____ **Bill Date:** _____ Will this account be used for data?: ☐ Y ☐ N

Set-up Options:
☐ Main/Sub — — Main Cellular Number
☐ Single bill
Cost Center (If applicable)

Type of Acct:
☐ Sole Proprietor ☐ Corp. ☐ Non-Profit
☐ Individual ☐ Gov't ☐ Partnership

Rental Info.
Manufacturer Model Number
Accessories
Manufacturer Serial Number

Account/User Information:
First Name M.I. Last Name
Street Address Apt. or Floor City State Zip Code
Home Phone Business Phone Beeper
Driver's License Number State
— — Y
Social Security Number

Monthly Bill Components:
Activation Fee (One-time only) $_____
Service Plan $_____
Month in Advance $_____
Minimum Term Discount $_____
(If applicable) Note: Applies to Monthly Access Only.
Ameritech Voice Mail*
☐ Standard ☐ Enhanced $_____
3-Way Calling* $_____
Call Waiting* $_____
Call Forwarding $_____
No Answer/Busy Transfer $_____
Detailed Billing* $_____
All 4 Custom Calling Features* $_____
Wireless Data Solutions $_____
Other Message Service $_____
All usage charges will be computed based on actual use.
Taxes: Federal, State, and Local taxes apply.
*See Feature Options section for explanation.

Business Info rmation:
Tax ID Number P.O. Number
Company Name Company Phone
Company Address Ste. or Floor City
Zip Code Contact Name (If different from user) Contact's Phone Number

Billing Information: (If different from above.)
Care Of
Street Address Apt. or Floor City State Zip Code

Business Builders: (Please print)
Type Salesperson Initials

Promo/Discount Info: (If applicable)

Feature Options:
(Customer must choose yes or no for each item.)
☐ Ameritech Voice Mail*
☐ Standard ☐ Enhanced
☐ Call Waiting*
☐ 3-Way Calling*
☐ Call Forwarding
☐ No Answer/Busy Transfer
☐ Detailed Billing*
Ameritech Voice Mail free for 2 full bill cycles. Call Waiting, 3-Way Calling and Detailed Billing access free for 1 full bill cycle. Thereafter a monthly charge at standard rates will be billed unless I cancel the services at any time by contacting Ameritech's Customer Service.

Service Plan Information:
Service Plan Selected* Minimum Term** Discount (If applicable)
**By selecting this package, I agree to purchase Ameritech cellular service for the designated minimum term of six months, or one, two or three years, as shown above. I understand that each package requires an Early Cancellation Fee, as explained in detail on the reverse side. I understand that my plan may be subject to automatic renewal; see reverse side.

Service Options: ☐ Wireless Field Express ☐ Message Service Other Vendor: _____
☐ Local Calling Area (If applicable): _____ ☐ _____

Long Distance Carrier:
☐ City Net ☐ Sprint ☐ AT&T ☐ Charter Network ☐ American Newrk Exchange ☐ Cable & Wireless Comm.
☐ ASnet ☐ MCI ☐ LCI ☐ Metromedia Comm. ☐ Coast to Coast Telecom
☐ Cincinnati Bell Long Distance ☐ _____

Vanity Number:
If the cellular number above is available for my use, I agree to pay a one-time "Vanity Number Fee" that will appear on my first Ameritech cellular service bill. I understand that my vanity number is subject to the "Cellular Number" conditions on the reverse side of this form.
Customer's Initials

Confirmation and Signature (Please read carefully before signing.) Your signature will create a binding contract subject to all of the terms in these paragraphs as well as terms on the reverse side of this form. You will be bound by the rates and charges explained in the black box on the reverse. I am authorized to sign for the person or company named above. By signing I agree that I personally guarantee payment of the account. I authorize the release of credit information. All information above is true and correct. I understand that if a deposit is required, it must be paid immediately if by the date set by Ameritech) or else service will be suspended. Do not sign the agreement if it contains any blanks. If you do not want feature options then mark each box No.

Customer Signature * (If Business account.) Sales Person

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OFFICE OF THE CLERK
SUPREME COURT, U.S.

No. 99-723

IN THE
SUPREME COURT OF THE UNITED STATES

METRO COMMUNICATIONS COMPANY
and PETER SIAVRAKAS,
Petitioners,

v.

AMERITECH CORPORATION, and
AMERITECH MOBILE COMMUNICATIONS, INC.
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF IN OPPOSITION

KENNETH J. MCINTYRE *
DICKINSON WRIGHT PLLC
500 WOODWARD AVENUE
SUITE 4000
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(313) 223-3500

Counsel for Respondents

* Counsel of Record

BECKER GALLAGHER LEGAL PUBLISHING, INC.,
CINCINNATI, OHIO 800-890-5001

CORPORATE DISCLOSURE STATEMENT OF AMERITECH CORPORATION AND AMERITECH MOBILE COMMUNICATIONS CORPORATION

Pursuant to Rule 29(6) of the Rules of the Supreme Court of the United States, Ameritech Corporation and Ameritech Mobile Communications Corporation, by and through their attorneys, respectfully submit this Corporate Disclosure Statement.

On October 8, 1999, Ameritech Corporation became a wholly-owned subsidiary of SBC Communications Inc.

SBC Communications, Inc. (formerly Southwestern Bell Corporation) is a publicly held corporation with equity and debt in the hands of the general public. The principal directly and indirectly held subsidiaries of SBC Communications Inc. include: Ameritech Corporation ("Ameritech"); Ameritech Mobile Communications; Ameritech Publishing; Pacific Telesis Group; Pacific Bell; Nevada Bell; Southwestern Bell Telephone Company; SBC Wireless, Inc.; Southwestern Bell Yellow Pages, Inc.; Pacific Bell Directory; SBC International, Inc.; Southern New England Telecommunications Corporation ("SNET"); and Southern New England Telephone Company ("SNET Telco"). Southwestern Bell Mobile Systems, Inc. is a subsidiary of SBC Wireless, Inc. Pacific Bell Mobile Services is a subsidiary of Pacific Telesis Group. The subsidiaries of SBC Communications Inc. are principally engaged in the business of providing communications services and products to the general public.

SBC Communications Inc., Southwestern Bell Telephone Company, SBC Communications Capital Corporation each have publicly held debt. The following

Ameritech subsidiaries have issued debt securities to the public: Ameritech Capital Funding Corporation, Illinois Bell Telephone Company, Indiana Bell Telephone Company, Michigan Bell Telephone Company, The Ohio Bell Telephone Company and Wisconsin Bell, Inc. Pacific Bell, Nevada Bell, Southern New England Telecommunications Corporation, and The Southern New England Telephone Company have issued debt securities to the public. In addition, certain indirectly held subsidiaries of SBC Wireless, Inc. have small groups of minority shareholders.

A trust established and funded by Pacific Telesis Group has issue "Trust Originated Preferred Securities" to the public. Pacific Telesis Group has guaranteed the repayment of certain trust originated preferred securities that have been issued to the public, the repayment of which has been guaranteed by SBC and Pacific Telesis Group. Ameritech owns approximately 42% of TeleDanmark, A/S, the stock of which is publicly traded. TeleDanmark owns approximately 19% of Netcom, ASA, which is publicly traded.

Ameritech also owns approximately 50% of an entity that owns approximately 60% of Magyar Tavkozlesi Rt. ("MATAV"), a telecommunications company in Hungary, the stock of which is traded publicly. Ameritech owns all of the common stock of Ameritech Canada, Inc., which is the sole trustee of Ameritech Canada Business Trust, which owns approximately 20% of Bell Canada Holdings, Inc., which owns Bell Canada that has publicly traded debt. Also, Bell Canada owns approximately 21% of Teleglobe, Inc., approximately 41% of Alliant, and approximately 20% of Manitoba Telephone, which have issued shares to the public.

No other affiliates of SBC Communications Inc. have outstanding debt or equity securities that are publicly held.

QUESTIONS PRESENTED

1. Whether the "nominal fair use" defense may be applied in this case.

2. Whether this case raises any questions concerning the application of "principles of equity" to the provision of remedies under the Lanham Act.

3. Whether the district court and circuit court properly decided all issues of liability and damages.

4. Whether this case presents a basis for this court to exercise its error-correcting function.

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2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 11:49 (4th ed.) 7

JURISDICTION

Rule 10 of the Rules of the Supreme Court of the United States provides that this Court may grant a petition for certiorari only for compelling reasons. According to Rule 10, compelling reasons can be found, among other things, if the decision leading to the petition: contributes to a conflict of authority between the courts of appeal and/or state courts of last resort; reflects a departure from the usual course of judicial proceedings; presents an important question of federal law that has not been but should be settled by this Court.

Petitioners have not set forth an adequate basis to justify the exercise of this Court's discretionary jurisdiction. They do not and cannot contend that the decisions in the lower courts here have created a split of authority among the federal courts or between the federal and state courts. Instead, Petitioners attempt to invoke this Court's authority by asking it to correct errors supposedly committed in the lower courts and to address a question about the applicability of the "nominative fair use" defense in certain trademark infringement cases. For the reasons explained below, there were no errors in the lower courts, and the "nominative fair use" defense is completely inapplicable here.

STATEMENT OF THE CASE

Petitioners' Statement of the Case includes numerous misstatements of fact. Respondents offer the following as a correct account of the facts in this case.

A. The Agency Agreement.

The district court found that Respondent Ameritech Corporation ("Ameritech") is involved in the

telecommunications industry and that Respondent Ameritech Mobile Communications, Inc. ("AMCI") is one of its subsidiaries that manages the delivery of cellular radio services ("CRS") to the customers of various Ameritech-affiliated entities that are licensed to provide CRS. Appendix D to Petition at 26a.

The district court also found that Metro Communications Company ("Metro") entered into a five-year Agency Agreement (the "Agreement") with Detroit SMSA Limited Partnership ("SMSA"), an Ameritech-affiliated entity, in 1988. *Id.* AMCI signed the Agreement on behalf of SMSA. *Id.* The Agreement expired by its terms on December 31, 1993, and it authorized Metro to solicit subscribers for SMSA's CRS. *Id.* The Agreement expressly provided that Metro had the right to use Ameritech's name and trademarks only during the term of the agency and only "for the purpose of identifying [Ameritech] CRS marketed by [Metro]." Agency Agreement, ¶ 8 *quoted in* Appendix D to Petition at 27a. The Agreement unequivocally established that, after termination, Metro was not authorized to do anything suggesting that it could act as AMCI's agent or that it was, in any way, affiliated with AMCI. Thus, the termination provisions of the Agreement provided that, after termination, Metro would not

> "utilize for any purpose any trademark, trade name, service mark, service name, or other commercial symbol that **suggests or indicates a connection or association with Ameritech Mobile or any affiliated company of Ameritech Mobile**; or **directly or indirectly at any time or in any manner identify itself or any business as associated with**

Ameritech Mobile or such affiliated company in the Area."

Agency Agreement, ¶ 11 (emphasis added) *quoted in* Appendix D to Petition at 27a.

B. Termination of the Agency.

Because it concluded that Metro had not substantially complied with the terms of the Agreement,[1] AMCI allowed the Agreement to expire by its terms. On December 31, 1993, AMCI gave Metro written notice that Metro could no longer serve or hold itself out as AMCI's agent. Letter of December 31, 1993, Appendix L to Petition. In this notice, AMCI specifically directed Metro to cease any further activity as an AMCI agent and to refer all subsequent customer inquiries directly to Ameritech. *Id.* Finally, it reminded Metro of its continuing duties of loyalty to AMCI. *Id.*

C. Metro's Activity as a "Sub-Agent" for AMCI.

Notwithstanding AMCI's instructions in its letter of December 31, 1993 and notwithstanding the Agreement's prohibition against "directly or indirectly, at any time or in

---

[1] A Michigan trial court also reached this conclusion. Shortly before the scheduled expiration of the agreement, Metro began an action in the Circuit Court for Oakland County, Michigan, seeking, among other things, an order compelling AMCI to extend the Agreement for an additional year. That court granted Ameritech's motion for summary disposition, holding that Metro had failed to substantially comply with the Agreement. The Michigan Court of Appeals affirmed this ruling. *Metro Communications Co. v. Detroit SMSA Limited Partnership*, No. 171104 (Mich. App. Feb. 20, 1996).

any manner, identify[ing] itself" as associated with AMCI, Metro continued to sell AMCI services by acting as a "sub-agent" for authorized agents of AMCI. Petition at 3. The district court found that, according to AMCI's policies, such sub-agencies were only allowed when an agent had express written consent from AMCI to create them. Appendix D to Petition at 27a. Metro entered into a sub-agency agreement with Dreisbach & Sons, Inc. ("Dreisbach"), an automobile dealer, without such written consent from AMCI. *Id.* at 27a-28a. Under this agreement, Metro would sell cellular service contracts on Dreisbach's behalf and receive a portion of the commission paid by Ameritech to Dreisbach. *See id.*

In soliciting business as a "sub-agent," Metro used promotional materials that identified the cellular service by the name "Ameritech." *Id.* at 28a. More importantly, it used service order forms, price schedules and cellular service maps, all containing Ameritech marks. *Id.* Metro could not have operated its "sub-agency" without using these forms, schedules and maps because they are essential in identifying and ordering the service that customers would buy. Even though Metro's sales staff was instructed to inform customers that Metro was not an authorized agent, *id.*, inherent in the use of these materials was the suggestion to customers that Metro was associated or affiliated with AMCI or Ameritech in some way.

D. Lower Court Proceedings.

In 1994, Respondents filed a complaint in the United States District Court for the Eastern District of Michigan, alleging, among other things, that Petitioners were liable for trademark infringement and unfair competition because of their activities in conducting the "sub-agencies" after the expiration of the Agency Agreement. Respondents claimed

injunctive relief and damages. In 1995, Respondents moved for summary judgment and for issuance of an injunction barring Metro from continuing its sub-agencies. The district court ruled that Metro was liable as Respondents had alleged and enjoined Metro from doing anything in connection with the sale of AMCI's service. In 1996, the district court issued an opinion determining the damages to which Respondents were entitled. In September 1997, the district court entered its final judgment, which included an award of attorneys' fees to Respondents. After oral argument, the United States Court of Appeals for the Sixth Circuit affirmed the judgment of the district court in July 1999.

ARGUMENT

I. The "Nominal Fair Use" Defense Has No Application in This Case.

Petitioners argue that this Court should take jurisdiction of this case so that it can consider the application of the "nominative fair use" defense described by the United States Court of Appeals for the Ninth Circuit in *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992). This argument is unavailing, however, because the "nominative fair use defense cannot apply to this case. The doctrine defining that defense, which is derived from the text of the Lanham Act, provides that it is fair use for one party to use the trademark of another when such use merely describes a product or service and does not create any risk of confusion about the relationship between the user and the trademark owner. Here, as the lower courts concluded, Petitioners used Respondents marks in a way that suggested that they were the agents of, or were affiliated with, Respondents. Such deceptive use is not fair use, and,

therefore, Petitioners have not identified a viable legal issue that this Court could consider.

As its name suggests, the "nominative fair use" defense is an aspect of fair use doctrine in trademark law. Fair use defenses generally purport to allow persons to create new ideas, products or services by making incremental use of trademarks owned by others. *New Kids*, 971 F.2d at 307 n.6. Thus, a fair use does not suggest a connection between the user and the trademark owner. *New Kids*, 971 F.2d at 308; *see also Volkswagenwerk Aktiengesellschaft v. Tatum*, 344 F. Supp. 235, 237 (S.D. Fla. 1972) (holding that trademark infringement arises from a trademark user's false suggestion of an affiliation between itself and the trademark owner). Similarly, a fair user is not one who free-rides on the trademark of another. *New Kids*, 971 F.2d at 307-08 n.6.

In some situations, the only meaningful description of a product or service may be or include a trademark, and "it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference, or any other such purpose without using the mark." *New Kids*, 971 F.2d at 306. For example, an automobile repair shop that specialized in Volkswagens could hardly avoid using the name "Volkswagen" in the description of its own services, even though its services were obviously different than those provided in association with the trademark and there was no suggestion of an affiliation between the repair shop and the manufacturer. *See Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969). In such situations, a party makes a fair use of another's trademark when using the mark to describe or name its own unique product or service. *New Kids*, 971 F.2d at 307. This use is a "nominative fair use."

A user is entitled to assert a "nominative fair use" defense when it uses a trademark to describe the trademark owner's product rather than its own product and when: (1) the product or service in question cannot be readily identified without use of the trademark; (2) the use is only as extensive as is reasonably necessary to identify the product or service; and (3) the user does nothing that would, in conjunction with the mark, suggest sponsorship or approval by the trademark owner. *New Kids*, 971 F.2d at 308.

The "nominative fair use" defense discussed in *New Kids on the Block* is a specific version of the statutory fair use defense codified in the Lanham Act, and the thee-part test for asserting the "nominative fair use" defense parallels a test for asserting the statutory defense. The Lanham Act defines a "fair use" as a descriptive use of another's trademark if such use is fair and in good faith. 15 U.S.C. § 1115(b)(4). In general, courts will find that a trademark user is entitled to assert such a defense if the use was: (1) in a non-trademark sense; (2) fair and in good faith; (3) limited to a description of the user's own goods or services. *Seaboard Seed Co. v. Bemis Co.*, 632 F. Supp. 1133 (N.D. Ill. 1986); 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 11:49 (4th ed.). If the use of the mark constitutes an intentional breach of an agreement not to use the mark, there can be no finding of good faith. *Institute for Scientific Information, Inc. v. Gordon & Breach, Science Pub., Inc.*, 931 F.2d 1002, 1008-1010 (3rd Cir.), *cert. denied*, 501 U.S. 909 (1991). Thus, the "nominative fair use" defense is not, as Petitioners suggest, a novelty of Ninth Circuit law that may be extended to other jurisdictions; it is an instance of a well-established rule that is uniformly interpreted throughout the United States.

In this case, Metro completely fails to meet the requirements of the test for applying the "nominative fair use" defense. Indeed, its petition presents no argument that refers specifically to the elements of the test. Metro merely invokes the defense and makes a conclusory assertion of its applicability here. Even the most superficial examination of the facts of this case reveals that Metro is not entitled to assert this defense. Most importantly, Metro's use of Ameritech's trademarks clearly suggested that Ameritech sponsored or endorsed Metro. To be sure, Metro notes that it instructed its sales representatives to inform customers that Metro was not an authorized agent of AMCI, but the presence of Ameritech's marks on sales materials and on the service order forms used by Metro created the obvious implication that Metro had some kind of agency relationship or affiliation with Ameritech. Because agency is an even closer relationship than mere sponsorship or endorsement, Metro cannot satisfy the third element of the test for applying the "nominative fair use" defense.

Neither can Metro satisfy the second element of that test. Metro's use of Ameritech's marks was not the kind of minimal use for identification purposes that the test requires. Metro was not merely identifying Ameritech's service in the course of offering its own distinct and independent service; the service that Metro offered to its customers included a grant of access to Ameritech's service. As noted above, Metro's use connoted a special relationship between Metro and Ameritech, and, therefore, that use was not merely descriptive.

Metro's failure to satisfy the elements of the test illustrates the vacuity of its attempt to show that this case involves a significant question of law. Metro argues that this case provides an opportunity to adapt the "first sale doctrine"

of trademark law to the resale of services. Specifically, Metro suggests that the "nominative fair use" defense is the instrument for that adaptation. In fact, it is not because the resale of services is completely inconsistent with the concept of "nominative fair use." If a party wishes to sell the services of another, it must be the agent of the service provider; a seller cannot promise the services of another without having a grant of authority to act on the service provider's behalf. Thus, a seller of services implies an agency relationship between itself and the service provider, and the same is true for a "re-seller" of services. When a party uses a trademark while it implies that it has an agency relationship with the trademark owner, its use is anything but nominative. When such use occurs despite the fact that no agency relationship exists, the user engages in precisely the kind of free-riding that trademark law is designed to prevent. *See New Kids*, 971 F.2d 307-08 n.6. Indeed, such use is more analogous to pirating, which is obviously prohibited by trademark and unfair competition law. *See Entertainment & Sports Programming Network, Inc. v. Edinburg Community Hotel, Inc.*, 623 F. Supp. 647 (S.D. Tex. 1985) (finding that a hotel owner engaged in trademark infringement and unfair competition when it rebroadcast the programming of two television networks, which contained the trademarks of those networks, and that such rebroadcast falsely implied that "Defendant was authorized to receive and provide Plaintiffs' services to their own customers").

In light of these reasons, there is no viable question of law in this case regarding the extension of the "nominative fair use" doctrine to the "resale" of services, and this Court should deny the petition for a writ of certiorari.

II. This Case Does Not Raise Any Questions Concerning the Application of "Principles of Equity" to the Provision of Remedies under the Lanham Act.

Without citing any authority,[2] Metro argues that this case provides this Court with an opportunity to elucidate the "principles of equity" that should guide the award of remedies under the Lanham Act. Specifically, Metro contends that, in considering the propriety of relief for Respondents, the lower courts improperly overlooked the fact that Respondents benefitted from Metro's unauthorized sub-agencies. Metro's argument on this point is defective in two respects: (1) it fails to provide any meaningful explanation of how these equitable principles should apply in this case or why they require explication, and (2) it ignores Metro's own improper conduct which undermines its claim for equity.

Metro's cursory argument provides no intelligible basis on which this Court could determine why these equitable principles require explication or whether this case presents issues that would aid in such explication. In effect, Metro argues that there was something unfair about the lower court's rulings and that this Court should therefore take jurisdiction of the case. Even if this argument were well-grounded, it hardly amounts to a statement of "compelling reasons" that are a prerequisite for issuance of a writ of certiorari. *See* S. Ct. Rule 10.

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[2] The only citation in Metro's second argument apparently refers to *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924). That case does not discuss any of the "principles of equity relevant to the Lanham Act.

Of course, Metro's invocation of equity is not well-grounded. Metro's own conduct in this case gives it "unclean hands," which disqualify it from seeking any consideration from this Court or any other on the basis of equity. *See McKennon v. Nashville Banner Pub. Co.*, 513 U.S. 352, 360 (1995). Metro's contract with AMCI specifically provided that, after its termination, Metro could not suggest or indicate that it had:

> **a connection or association with Ameritech Mobile or any affiliated company of Ameritech Mobile**; or directly or indirectly at any time or in any manner identify itself or any business as associated with Ameritech Mobile or such affiliated company in the Area.

Agency Agreement, ¶ 11 (emphasis added) *quoted in* Appendix D to Petition at 27a. Even if Metro had been uniformly scrupulous about informing customers that it was no longer an authorized agent, it still violated this provision of the Agreement by using service order forms and solicitation materials with Ameritech's trademarks. Such conduct by Metro was so extensive that it could only have been deliberate and reflects bad faith towards Metro's obligations under the Agency Agreement. *See Institute for Scientific Information, supra*. Equity is not an instrument to reward such bad faith.

III. The District Court and Circuit Court Properly Decided All Issues of Liability and Damages.

In another conclusory argument lacking any citation to legal authority or the record, Metro maintains that the lower courts erred in ruling that there were no issues of material fact

with regard to likelihood of confusion and that there were no permissible deductions from damages. These arguments are also unfounded and do not provide a basis for granting the petition.

First, Metro's argument regarding the rulings on likelihood of confusion omits important facts and mischaracterizes the lower courts' decision-making process. The district court concluded that there was no dispute of material fact regarding likelihood of confusion when it granted summary judgment on Respondents' claim for an injunction to prevent Metro from continuing to act as a "sub-agent" of AMCI. By the time the district court made this ruling, AMCI had long since ceased identifying Metro as an authorized agent. Thus, the issue before the district court was whether Metro's activity as a sub-agent would, from that point forward, cause a likelihood of confusion. Appendix E to Petition at 36a. There was no error by the district court in its ruling on this issue, or by the circuit court in affirming that ruling.

Second, Metro's argument regarding deductions from damages lacks any legal foundation. As the district court noted in its opinion on damages, the burden for apportioning profits is placed upon defendants in trademark infringement actions. Appendix C to Petition at 11a (citing *Wynn Oil Co. v. American Way Serv. Corp.*, 943 F.2d 595, 606 (6th Cir. 1991)). Although it submitted financial statements that were "unchallenged" (Petition at 13), Metro still did not carry its burden because its statements were simply incredible. Even Metro's own accountant would not vouch for the accuracy of these statements in terms of generally accepted accounting principles. Appendix C to Petition at 13a. And, in those statements, Metro included deductions that were not permitted by law, such as fixed costs and attorneys' fees. *Id.* (citing

cases). These documents required no challenges; they refuted themselves. The district court certainly did not err by disregarding these financial statements in its calculation of damages.

IV. This Case Presents No Basis for This Court to Exercise Its Error-Correcting Function Because the Lower Courts Here Did Not Err.

Metro concludes with a kind of catch-all argument, contending that the proceedings in the lower courts were so infected with error that this Court should take jurisdiction of the case solely for the purpose of correcting those errors. As the arguments above have shown, there were no errors in the lower courts. Consequently, this argument is without merit.

CONCLUSION

In presenting its arguments in favor of a writ of certiorari, Metro does not deny that it acted as a sub-agent for AMCI and used Ameritech's trademarks without authority. Its arguments all ultimately depend upon the assertion that this was a lawful course of conduct, and they ask this Court to take jurisdiction of this case to put that assertion into law. If Metro is to obtain the ultimate result that it seeks here, this Court would have to rule that it is lawful for one party to force itself on another as an agent and to use the trademarks of the other party without permission. This would, of course, be an absurd result, and the patent absurdity of Metro's arguments make it unnecessary for this Court to assert its discretionary jurisdiction. This Court should deny the petition for a writ of certiorari.

Respectfully submitted,

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(3)

No. 99-723

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SUPREME COURT, U.S.

IN THE
SUPREME COURT OF THE UNITED STATES

METRO COMMUNICATIONS COMPANY
and PETER SIAVRAKAS,
Petitioners,

v.

AMERITECH CORPORATION, and
AMERITECH MOBILE
COMMUNICATIONS, INC.
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

PETITIONER'S SUPPLEMENTAL BRIEF

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PETITIONER'S SUPPLEMENTAL BRIEF

On September 3, 1997, the District Court entered what it labeled as its "final" judgment. A copy of the District Court's order is included in the Appendix to Petitioner's Petition for Writ of Certiorari (filed on October 26, 1999) at Appendix B at 5a-7a.[1] It did so after having granted respondents' motion for partial summary judgment regarding trademark claims and respondents' motion to dismiss several non-trademark claims without prejudice, but without having certified the prior decision pursuant to FED.R.CIV.P. 54(b). Thus far, it has been presumed that the District Court's characterization of its judgment was valid and that the Court of Appeals had appellate jurisdiction pursuant to 28 U.S.C. §1291. However, upon closer scrutiny, the finality of the judgment and the existence of appellate jurisdiction are questionable.

Applying the dominant view of the Circuit Courts of Appeal, the District Court's judgment was not final and, therefore, the Sixth Circuit Court of Appeals lacked appellate jurisdiction. However there is substantial conflict among and within the Circuits over the correct characterization of such an order and, therefore, as to whether 28 U.S.C. §1291 provides appellate jurisdiction under these circumstances.

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[1] Citations to the appendix in this supplemental brief are a continuation of the citations to the appendix filed with the Petitioner's Petition for Writ of Certiorari. The Petition for Writ of Certiorari contains appendix A-P.

Procedural History

On June 24, 1994, respondents filed a seven (7) count complaint against petitioners.

On May 19, 1995, respondents filed a motion for partial summary judgment directed to the trademark claims only. After a series of briefs, on August 24, 1995 the District Court granted partial summary judgment pursuant to FED.R.CIV.P. 56 as to those claims. (Appendix E at 25a-38a).

On August 6, 1996, respondents sought voluntary dismissal of the unresolved claims pursuant to FED.R.CIV.P. 41(a)(2).[2] (Appendix Q at 110a - 113a). Respondents' motion specifically requested dismissal without prejudice. (Appendix Q at 110a - 113a). Petitioners objected to such a dismissal; arguing that those claims would merely be reasserted by respondents at a later date.[3] Instead, petitioners asked the District Court to dismiss the unresolved claims *with* prejudice. (Appendix R at 114a - 123a). On October 17, 1996, the District Court rejected petitioners' request and dismissed the remaining claims *without* prejudice. (Appendix S at 124a - 126a). Having dismissed the unresolved claims without prejudice, the District Court concluded that there was nothing further to address in this action and entered a judgment which it labeled "final." (Appendix B at 5a-7a).

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[2] A Rule 41(a)(1) dismissal was unavailable because the petitioners had filed their answer and would not consent to respondents' proposed dismissal without prejudice.

[3] Indeed, respondents have done just that in a counterclaim in adversary proceedings commenced in the U.S. Bankruptcy Court for the Eastern District of Michigan.

Respondents have never sought certification of the District Court's decision regarding the trademark claims pursuant to FED.R.CIV.P. 54(b).

I.

THE COURT SHOULD ISSUE A WRIT OF CERTIORARI TO THE SIXTH CIRCUIT AND ADDRESS THE SUBSTANTIAL CONFLICT AMONG THE CIRCUITS REGARDING WHETHER A PRIOR ORDER RESOLVING LESS THAN ALL CLAIMS IS RENDERED "FINAL" BY THE SUBSEQUENT DISMISSAL WITHOUT PREJUDICE OF UNRESOLVED CLAIMS AND THE RELATED QUESTION OF APPELLATE JURISDICTION.

28 U.S.C. §1291 provides the basis for the Sixth Circuit's assertion of jurisdiction in this case. (Appendix A at 4a). This statute states

> The courts of appeals (other than the United States Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292(c)

> and (d) and 1295 of this title [28 USCS §§ 1292(c), (d), 1295].

However, whether a district court's judgment is final under these circumstances depends upon where one finds it. *See generally* Rebecca A. Cochran, *Gaining Appellate Review by "Manufacturing" a Final Judgment Through Voluntary Dismissal of Peripheral Claims*, 48 MERCER L. REV. 979 (1997).[4]

In the Sixth Circuit, a district court's partial resolution of the parties' claims appears to ripen into a final judgment upon the dismissal of the unresolved claims, regardless of whether the dismissal is with or without prejudice. *Hicks v. NLO, Inc.*, 825 F.2d 118, 120 (6th Cir. 1987) (allowing appeal of adjudicated claims when peripheral claims were voluntarily dismissed without prejudice).

In the Second, Third, Fifth, Ninth and Tenth Circuits, a prior resolution of less than all claims does not become final upon a dismissal of the unresolved claims without prejudice. *Chappelle v. Beacon Communications, Inc.*, 84 F.3d 652, 653 (2nd Cir. 1996) (precluding appeal of plaintiff's adjudicated claims when unresolved claims were dismissed without prejudice); *Dannenberg v. Software Toolworks, Inc.*, 16 F.3d 1073, 1078 (9th Cir. 1994) (same); *Cook v. Rocky Mountain*

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[4] Prof. Cochran's use of the term "peripheral" is unfortunate, as it suggests that the claims dismissed without prejudice are insignificant. However, the very fact that they are dismissed *without* prejudice indicates that they are valuable to the litigant. The term "unresolved" claims is more accurate. *See Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 396; 110 S.Ct. 2447 (1990) (dismissal without prejudice does not constitute adjudication on the merits and has no *res judicata* effect).

Bank Note Co., 974 F.2d 147, 148 (10th Cir. 1992) (same); *Fassett v. Delta Kappa Epsilon*, 807 F.2d 1150, 1155 (3rd Cir. 1986) (allowing appeal when remaining unresolved claims "voluntarily and finally abandoned"), *cert. denied*, 481 U.S. 1070 (1987); *Ryan v. Occidental Petroleum Corp.*, 577 F.2d 298, 302-03 (5th Cir. 1978) (denying appeal and finding voluntary dismissal without prejudice of unresolved claims did not make adjudicated claims appealable). In these Circuits the prior order becomes final only upon: the plaintiff's dismissal of the unresolved claims *with* prejudice or proper Rule 54(b) certification of the district court's decision as to the resolved claim(s). *Chappelle, supra;*

In the Seventh, Eighth and Eleventh Circuits one finds both conclusions are available. *Compare South Austin Coalition Comm. Council v. SBC Communications, Inc.*, 191 F.3d 842 (7th Cir. 1999) (dismissal without prejudice of unresolved claims to obtain finality, "is smoke and mirrors; the reality is that the case is ongoing in the district court, and 28 U.S.C. §1291 does not authorize appeal from resolution of a single claim in a multi-claim or multi-party case"); *and JTC Petroleum Co. v. Piasa Motor Fuels*, Inc., 179 F.3d 1073 (7th Cir. 1999) (no finality where unresolved claims dismissed without prejudice; resulting jurisdictional defect cured by party's conversion of dismissal to one with prejudice) *with Division 241 Amalgamated Transit Union v. Suscy*, 538 F.2d 1264, 1266 & n.1 (7th Cir. 1976) (order granting motion to dismiss less than all claims "final" order, despite dismissal without prejudice of unresolved claims), *cert. denied*, 429 U.S. 1029 (1976) *with United States v. Kaufmann*, 985 F.2d 884, 889 (7th Cir.) (partial resolution of claims deemed final and appealable despite dismissal without prejudice of unresolved claims because there was no evidence that the parties had colluded to "create" appellate jurisdiction), *cert. denied*, 508 U.S. 913 (1993); *and compare, DuBose v.*

Minnesota, 893 F.2d 169, 171 (8th Cir. 1990) (dismissal without prejudice for failure to prosecute unresolved claims converted earlier partial resolution into a "final" judgment or order) *with Chrysler Motors Corp. v. Thomas Auto Co.*, 939 F.2d 538 (8th Cir. 1991) (earlier decision granting partial summary judgment rendered "final" upon stipulated dismissal without prejudice of unresolved claims) *and State Treasurer v. Barry*, 168 F.3d 8, 10-13 (11th Cir. 1999) (denying appeal and finding voluntary dismissal without prejudice of unresolved claims could not make adjudicated claims appealable) *and Mesa v. United States*, 61 F.3d 20, 22 (11th Cir. 1995) (dismissing appeal for lack of jurisdiction and holding that appellate jurisdiction over a non-final order cannot be created by dismissing the remaining claims without prejudice) *with Kirkland v. National Mortgage Network, Inc.*, 884 F.2d 1367 (11th Cir. 1989) (voluntary dismissal without prejudice is final and appealable by the defendant) *and Studstill v. Borg Warner Leasing,* 806 F.2d 1005, 1008 (11th Cir. 1986) (plaintiff voluntarily dismissed without prejudice the claims that remained after adverse ruling on partial summary judgment; Court of Appeals conducted review on the merits of the summary disposition ruling).

Therefore, as it stands, a party may appeal as of right from such an order in the Sixth Circuit, but not in the Second, Third, Fifth, Ninth and Tenth Circuits.

A party in the Sixth Circuit may arguably take the respondents' approach and dismiss unresolved claims to achieve apparent finality, but a party in the Second, Third, Fifth, Ninth and Tenth Circuits is prohibited from such piecemeal litigation.

In the Seventh, Eighth and Eleventh Circuits, a party is required to speculate whether a judgment will ultimately be

considered final. If wrong, the party will either have failed to take a timely appeal or will have wasted the Court of Appeals' resources with a premature request for review. *See, Barrow v. Falck,* 977 F.2d 1100, 1102-03 (7th Cir. 1992), appeal after remand, 11 F.3d 729 (1994) (discussion of frequency of dismissal of appeals for jurisdictional defects).

In the remaining Circuits, any of these outcomes are possible, as it appears those courts have not expressly adopted any approach to this question.

It is difficult to conceive of a more fundamental question of federal civil procedure than whether a judgment or order is final -- except whether a court has jurisdiction to address the merits in the first instance. But as to appellate jurisdiction, one question leads to the other. Petitioners submit that there is no discernable basis for permitting continued conflict among and within the Circuits on these fundamental issues.

This Court's prior decision in *Cooter & Gell, supra* suggest that in this circumstance, the district court's judgment is not final as the dismissal without prejudice leaves claims unresolved and beyond the preclusive effect of the subject judgment. *Cooter & Gell,* 496 U.S. at 396.[5] But the conflict

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[5] This Court's willingness to address an appeal with a similar procedural history in *National Broiler Marketing Assn. v. United States*, 436 U.S. 816; 98 S. Ct. 2122 (1978) (claims against certain defendants dismissed without prejudice "to facilitate appeal") does not resolve the question. There, appellate jurisdiction was presumed, not questioned. Interestingly, petitioner's counsel in *National Broiler, supra*, has now authored his own opinion in favor of the conclusion that the procedural sequence involved in the present case does not result in a final

among the Courts of Appeal demonstrates that there is considerable difference of opinion about whether this is so.

By deciding whether a district court's resolution of less than all claims in an action, followed by the dismissal of unresolved claims *without* prejudice (unaccompanied by Rule 54(b) certification) results in a final order or judgment and appellate jurisdiction pursuant to 28 U.S.C. §1291, this Court would establish uniformity and predictability within the federal courts on this point. By adopting the view that such a judgment is not final, the Court would provide the Courts of Appeal with an unquestionable means of avoiding the waste of resources that accompanies the current conflict. There are no exercises of the Court's authority that are more central to its role and no authority other than this Court that is able to resolve the conflict.

Either the District Court's judgment was final or not. If not, the Sixth Circuit Court of Appeals lacked appellate jurisdiction pursuant to 28 U.S.C. §1291. Such a jurisdictional defect would require that the Court of Appeals' decision be vacated, regardless of the outcome of the issues raised in the petition. *In re Carlo Poma*, 255 U.S. 219, 221; 41 S. Ct. 309 (1921).

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judgment. *See JTC Petroleum Co., supra.* Moreover, there is a significant distinction between a dismissal of parties, as in *National Broiler*, versus dismissal of claims, as in the instant case. *See Missouri ex rel. Nixon v. Cour d'Alene Tribe,* 164 F.3d 1102, 1106 (8th Cir. 1999).

CONCLUSION

Petitioners request that the Court grant the petition for writ of certiorari to consider these issues of finality and jurisdiction together with those issues identified in the petition. In the alternative, petitioners request that the Court vacate the decision of the Sixth Circuit Court of Appeals and remand these proceedings to the District Court for completion.

Respectfully submitted,

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Dated: November 24, 1999

APPENDIX Q

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Dated August 5, 1996]

No. 94-CV-72443-DT

AMERITECH CORPORATION, a Delaware corporation, and AMERITECH MOBILE COMMUNICATIONS, INC., a Delaware corporation,	)
Plaintiffs,	)
v.	)
METRO COMMUNICATIONS COMPANY, a Michigan corporation, and PETER SIAVRAKAS,	)
Defendants.	)

PLAINTIFF' MOTION FOR ENTRY OF FINAL JUDGMENT AND TO DETERMINE AMOUNT OF ATTORNEYS' FEES

NOW COME Plaintiffs Ameritech Corporation and Ameritech Mobile Communications, Inc. (collectively

"Ameritech"), by and through their undersigned counsel, and move this Court for entry of a Final Judgment and determination of the amount of attorneys' fees and costs which Plaintiffs will recover in this action pursuant to the Court's Order of January 24, 1996. In support of their Motion Plaintiffs state as follows:

1. On August 24, 1995, this Court entered its Order Granting Partial Summary Disposition to Ameritech on Counts I, II, and VII of Ameritech's Complaint and granted permanent injunctive relief on those Counts. Ameritech thereafter filed a motion for additional relief which included a request for damages and for reasonable attorneys' fees and costs under the same Counts as provided in the Agency Agreement.

2. On January 24, 1996, this Court entered its Order Granting Additional Relief which held that "Ameritech is entitled to reasonable attorneys' fees and costs pursuant to the contract." (Order Granting Additional Relief, p.9). However, the Court did not determine the amount of attorneys' fees and costs to which Plaintiffs are entitled as this action was not concluded and further evidence was submitted on the amount of damages.

3. On April 17, 1996, this Court entered its Opinion awarding Ameritech $265,765 in damages against Plaintiffs. That Order, in conjunction with the Court's prior orders, completely resolved Counts I, II, and VII of Ameritech's Complaint. In light of the relief granted on those counts, there is no need for an adjudication of the remaining counts of Ameritech's complaint. Therefore, the only

remaining issue to be resolved is the amount of attorneys' fees and costs to which Ameritech is entitled.

4. In support of its prior Motion for Additional Relief, Plaintiffs submitted the Affidavit of Robert W. Powell, with attached time records and bills, documenting that the reasonable attorneys' fees and costs incurred by Plaintiffs in this matter through October 31, 1995 totalled $121,895.61. A copy of that Affidavit and the supporting time records and bills has been refiled with this Motion.

5. Since October 31, 1995, Plaintiffs have incurred an additional $6,324.44 in reasonable attorneys' fees and costs in the prosecution of this action. Attached to this Motion is the Supplemental Affidavit of Robert W. Powell with attached time records and bills documenting the additional attorneys' fees and costs incurred by Plaintiffs in this matter.

6. Thus, Plaintiffs have incurred a total of $128,220.05 in reasonable attorneys' fees and costs in the prosecution of this action.

WHEREFORE, Plaintiffs ask that this Court enter a final judgment incorporating the injunctive relief and damages previously granted by this Court, formally dismissing without prejudice the remaining counts, and awarding Ameritech $128,220 in attorneys' fees and costs. A proposed form of Judgment is attached to this Motion.

DICKINSON, WRIGHT, MOON, VAN DUSEN & FREEMAN

By:_____

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Dated: August 5, 1996

APPENDIX R

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Filed September 17, 1996]

No. 94 CV 72443 DT

AMERITECH CORPORATION, a Delaware corporation, and AMAUROTIC MOBILE COMMUNICATIONS, INC. a Delaware corporation, *Plaintiffs,*	)
v.	)
METRO COMMUNICATIONS COMPANY, a Michigan corporation, and PETER SIAVRAKAS, *Defendants.*	)

DEFENDANTS' RESPONSE TO PLAINTIFFS' MOTION FOR ENTRY OF FINAL JUDGMENT AND TO DETERMINE AMOUNT OF ATTORNEYS' FEES

NOW COME Defendants Metro Communications, Inc. and Peter Siavrakas by and through their attorneys,

Seyburn, Kahn, Ginn, Bess, Deitch and Serlin, P.C. and in response to Plaintiffs' motion for an entry of final judgment and determination of the amount of attorneys' fees and costs state:

1. Defendants admit the statements contained in paragraph 1 of the motion.

2. Defendants admit the statements contained in paragraph 1 of the motion.

3. Defendants acknowledge the amount awarded in this Court's opinion and that, except for the issue of attorneys' fees and costs, the order resolved Counts I, II and VII of Ameritech's complaint.

4. Defendants' admit that Mr. Powell's affidavit and time record have been submitted to the Court as stated in paragraph 4 of the motion, but deny that the reasonable attorneys' fees and costs incurred by Plaintiffs in this matter total $128,220.00. Because:

a. Plaintiffs' time records and bills contain entries indicating work on matters other than this action, and other than the Lantum Act aspects of this action;

b. Plaintiffs' time records and bills indicate Plaintiffs have included in the amount requested fees for non-lawyers;

c. Plaintiffs' time records and bills indicate that Plaintiffs have included the requested amount excess of costs for items which are properly included in the Plaintiffs' attorneys' overhead.

5. Defendants deny the same as contained in paragraph 5 of the motion for the reasons stated above.

6. Defendants deny the same as contained in paragraph 6 of the motion for the reasons stated above.

WHEREFORE, Defendants request that this Court conduct an evidentiary hearing, or appoint a master or other third party to resolve the issue of the appropriateness of Plaintiffs' proposed attorneys' fees and costs and for the reasons set forth in the accompanying brief, deny Plaintiffs' request for dismissal of Counts I, II, III, IV, V and VI without prejudice.

Respectfully submitted,

SEYBURN, KAHN, GINN, BESS DEITCH AND SERLIN, P.C.

By: _____

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Dated: September 16, 1996

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Filed September 17, 1996]

No. 94 CV 72443 DT

AMERITECH CORPORATION, a Delaware corporation, and AMAUROTIC MOBILE COMMUNICATIONS, INC. a Delaware corporation, *Plaintiffs,*	)
v.	)
METRO COMMUNICATIONS COMPANY, a Michigan corporation, and PETER SIAVRAKAS, *Defendants.*	)

DEFENDANTS' BRIEF IN SUPPORT OF RESPONSE TO PLAINTIFF'S MOTION FOR ENTRY OF FINAL JUDGMENT AND TO DETERMINE AMOUNT OF ATTORNEYS' FEES

STATEMENT OF ISSUES PRESENTED

I WHETHER THE PROPER AMOUNT OF THE REASONABLE COSTS AND ATTORNEYS' FEES

AWARDED BY THE COURT TO PLAINTIFFS IS $128,220.00 AS REQUESTED

II. WHETHER COUNTS H, III, IV, V AND VI OF PLAINTIFFS' COMPLAINT SHOULD BE DISMISSED WITHOUT PREJUDICE AS REQUESTED BY PLAINTIFFS..

CONTROLLING OR MOST APPROPRIATE AUTHORITY

F.R.Civ. P. 41

INTRODUCTION:

On January 24, 1996, this Court entered its order granting additional relief, in which it determined that Plaintiffs were entitled to "reasonable attorneys' fees and costs pursuant to the (Agency Agreement)." Plaintiffs have now submitted a motion establishing amount of those fees. Plaintiffs contend that the amount of the reasonable attorneys' fees that should be awarded is $128,220.00.

In support of their request, Plaintiffs have submitted two affidavits from Robert Powell and invoices allegedly containing the time records related to work within the scope of the attorney fee provision in the Agency Agreement. However, Mr. Powell's affidavit and the supporting invoices do not support the amount of Plaintiffs' request.

In addition to a determination of the attorneys' fees, Plaintiffs seek the entry of a final judgment, dismissing without prejudice the claims asserted in Counts II, III, IV, V and VI of Plaintiffs' complaint.

I.
PLAINTIFFS' REQUEST FOR $128,220.00 IN ATTORNEYS' FEES AND COSTS IS NOT REASONABLE

Plaintiffs' seek $128,220.00 in attorneys' fees and costs under the attorney fee provision contained in the Agency Agreement. However, a review of the materials submitted in support of this request demonstrates: Plaintiffs seek recovery of attorneys' fees for matters other than that for which fees have been awarded; Plaintiffs seek recovery of amounts for

work not performed by attorneys or paralegals; and Plaintiffs seek recovery of overhead items not propedy billed by Plaintiffs' counsel.

Work Regarding Other Matters:

A review of Dickinson Wright's billings demonstrates that approximately $6,200.00 was billed to this matter for work as to which no attorneys' fees have been awarded. This work falls into two categories: a) work regarding aspects of this matter outside the scope of the relief granted; and b) work on the pending state court action. It is identified in blue in the attached Exhibit A.

Work By Non-Attorneys:

Dickinson Wright's bills also reveal that $1,104.00 has been charged for work that is not the work of an attorney or paralegal. These are the entries of "MLP" on Exhibit A, which are identified in red.

Duplication Of Effort

A review of Dickinson Wright's bills demonstrates that $10,120.00 was charged by Kenneth A. McIntyre. Tnese are identified in yellow. However, a review of these bills also demonstrates that this was duplication of effort. Entries show that Mr. McIntyre was involved in reviewing Mr. Powell's work and redrafting portions of it. Given Mr. Powell's status as a partner, either Mr. McIntyre was duplicating Mr. Powell's effort or the reverse was true.

Excess Overhead Costs

Dickinson Wright has charged $3,664.65 for computerized legal research. The related entries are identified in pink. This amount does not include the fee associated with that work. However, it is unlikely that Dickinson Wright incurred this expense. As with other large law firms, Dickinson Wright has available to it computerized legal research at a monthly flat rate. Thus, the amounts identified in the bills are not actual costs incurred by Dickinson Wright.

Similarly, Dickinson Wright has charged $2,805.02 for copying. At .15¢ per page, this indicates 18,700 pages. The record in this action does not contain that this volume of paper is reasonable.

II.

THE COURT SHOULD NOT PERMIT THE DISMISSAL OF THE REMAINING COUNTS OF THE COMPLAINT WITHOUT PREJUDICE

Plaintiffs also seek to finalize a judgment in this matter by the Court's dismissal of Counts II, III, IV, V and VI of Plaintiffs' complaint. The proposed judgment indicates that Plaintiffs seek dismissal of these claims without prejudice there being reasserted in other proceedings.

As the Court is aware, there are other pending actions between these parties. Plaintiffs request to dismiss without prejudice indicate a reasonable likelihood that there will be a subsequent attempt to assert these claims elsewhere. While the subject of the other Counts in this action and the other

pending proceedings is separate from the claim for trademark protection asserted here, it would be inappropriate to dismiss the identified Counts except with prejudice.

CONCLUSION:

The maximum amount of reasonable costs and attorneys' fees recoverable by Plaintiffs is $107,000.00. Further, a dismissal of Counts I, II, III, IV, V and VI should be with prejudice.

Respectfully submitted,

SEYBURN, KAHN, GINNN, BESS DEITCH AND SERLIN, P.C.

By: _____

Kenneth B. Morgan (P34492)
Attorneys for Defendants
Suite 1500, 2000 Town Center
Southfield, MI 48075-1195

Dated: September 16, 1996

APPENDIX S

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

[Dated October 17, 1996]

No. 94-CV-72443-DT

AMERITECH CORPORATION and AMERITECH MOBILE COMMUNICATIONS, INC., *Plaintiffs,*	)
v.	)
METRO COMMUNICATIONS COMPANY, and PETER SIAVRAKAS, *Defendants.*	)

MEMORANDUM OPINION AND ORDER

AT A SESSION of said Court, held in the United States Courthouse, in the City of Detroit, State of Michigan, on the 17th day of October, 1996.

PRESENT: THE HONORABLE
GEORGE E. WOODS
United States District Judge

This matter is before the Court on plaintiffs' motion for entry of final judgment and to determine the amount of attorneys' fees [Docket No. 67]. On August 24, 1995, the Court granted partial summary judgment to plaintiffs on Counts I, II, and VII of their complaint and granted permanent injunctive relief. Thereafter, Ameritech filed a motion for additional relief, including damages and reasonable attorneys' fees and costs. On January 24, 1996, the Court held plaintiffs were entitled to reasonable attorneys' fees and costs pursuant to the parties' contract. On April 17, 1996, the Court awarded plaintiffs $265,765 in damages. Plaintiffs contend that in light of the relief granted on those counts, there is no need for an adjudication of the remaining counts of the complaint. Consequently, plaintiffs request dismissal of those counts without prejudice.

Defendants protest dismissal without prejudice. According to defendants, plaintiffs' request for dismissal without prejudice indicates "a reasonable likelihood that there will be a subsequent attempt to assert these claims elsewhere." Although defendants acknowledge that the counts subject to dismissal involve claims separate from the claim for trademark protection that was decided by this Court, they nevertheless contend that a dismissal without prejudice would be inappropriate.

Under Fed. R. Civ. P. 41(a) ((2), a decision to dismiss claims without prejudice is within the discretion of the Court. As plaintiffs indicated, the relief granted on the counts decided in this case has made the resolution of the remaining counts unnecessary. Defendants have not alleged that they will suffer legal prejudice other than the mere prospect of a second lawsuit. The mere prospect of a second lawsuit simply is not

a sufficient basis to deny plaintiffs' request. 9 Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure: Civil 2d § 2364 (2d Ed. 1995).

Accordingly, Counts II, III, IV, V and VI are **DISMISSED without prejudice.**

IT IS FURTHER ORDERED that pursuant to 28 U.S.C. § 636(b) (1) (b), plaintiffs' request for attorneys' fees is referred to Magistrate Judge Virginia Morgan for report and recommendation. Accordingly, plaintiffs' request for entry of final judgment is **DENIED**, until such time as the Court has received and reviewed the report and recommendation on the matter of attorneys' fees and resolved any objections to that report and recommendation.

So Ordered.

/s/_____
GEORGE E. WOODS
UNITED STATES DISTRICT JUDGE

Copies mailed to: Kenneth J. McIntyre/Robert W. Powell
Kenneth B. Morgan/
Hon. Virginia M. Morgan

A TRUE COPY

/s/_____
Deputy Clerk

Supreme Court, U.S.
FILED
DEC 21 1999
CLERK

No. 99-723

IN THE
SUPREME COURT OF THE UNITED STATES

METRO COMMUNICATIONS COMPANY
and PETER SIAVRAKAS,
Petitioners,

v.

AMERITECH CORPORATION, and
AMERITECH MOBILE
COMMUNICATIONS, INC.
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

SUPPLEMENTAL BRIEF IN OPPOSITION TO PETITIONER'S SUPPLEMENTAL BRIEF

KENNETH J. MCINTYRE
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QUESTIONS PRESENTED

1. Whether Petitioners' supplemental brief should be disregarded because Petitioners have filed it in violation of Rule 15 of the Rules of the Supreme Court of the United States.

2. Whether there is a conflict among the United States courts of appeal regarding their jurisdiction over cases in which a plaintiff, who asserted a single claim for relief under alternative legal theories, has received a judgment for all of the relief that it requested on some of its theories and voluntarily dismissed without prejudice the remaining mooted legal theories for which it can no longer obtain relief.

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STATEMENT OF THE CASE

Petitioners' statement of procedural history in their supplemental brief is a greatly abbreviated summary of the complex procedural history of this case, which creates an inaccurate and misleading context for their argument. This Supplemental Brief in Opposition summarily reiterates the prior proceedings to avoid any confusion created by Petitioners' supplemental brief.

As discussed in Respondents' Brief in Opposition, Petitioner Metro Communications Co. ("Metro") sold wireless cellular service as an agent for Respondent Ameritech Mobile Communications, Inc. ("Ameritech Mobile"), operating under a written agency agreement (the "Agreement"), which expired by its terms on December 31, 1993. After Ameritech Mobile informed Metro that it would not renew the Agreement, Metro nevertheless continued to solicit customers for Ameritech Mobile's cellular phone service, purporting to act as a so-called "sub-agent" for an authorized agent of Ameritech Mobile, without Ameritech Mobile's knowledge, approval or authority. During the course of this "sub-agency," Metro improperly used certain of Respondent's trademarks. Metro's conduct breached the express terms of the Agreement.

In 1994, Respondents sued Petitioners in the United States District Court for the Eastern District of Michigan to enjoin Metro's misconduct and to recover the lost profits and diminution of goodwill and business prospects caused by that misconduct. The complaint pleaded several counts, each of which described these injuries in terms of different legal theories, including contract law, federal trademark law, state trademark law, the common law of trademarks, federal unfair competition law, state consumer protection law and tort. The

complaint requested the following relief: (1) an injunction preventing Metro from acting as "sub-agent" for Ameritech Mobile and from doing anything to suggest an affiliation between Metro and either of the Respondents; (2) damages from Metro's conduct; (3) an accounting for Metro's profits during the relevant period, as a partial means of measuring damages; (4) an award of attorneys' fees, which was a contractual remedy under the Agreement; and (5) a declaratory judgment that Metro's post-agency conduct was illegal. *See* Appendix A to Petition at 3a (discussing the causes of action and claim for relief in the complaint).

In a series of rulings, the district court ruled in favor of Respondents on their causes of action under federal trademark law and unfair competition law and under Michigan contract law. It then granted an injunction, awarded damages in the amount of Metro's net profits and awarded attorneys' fees. *See id.* In 1997, after the district court awarded all of the requested relief, it entered a final judgment in which it also dismissed without prejudice the counts from Respondents' complaint on which it had not ruled. *See id.* Because Respondents had received all of the relief they sought in their complaint, the dismissed counts were, in fact, moot.

Petitioners appealed that judgment to the United States Court of Appeals for the Sixth Circuit. They never argued that the Sixth Circuit lacked jurisdiction to hear their appeal. In July 1999, the Sixth Circuit affirmed the judgment of the district court, and Petitioners moved for rehearing. That motion was denied. Appendix F to Petition at 39a. Petitioners then filed the petition in this case. In their petition, as in their Sixth Circuit arguments, they did not contend that the Sixth Circuit lacked jurisdiction. Oddly, Petitioners, for the first time in their supplemental brief here, now argue that no final order was entered below.

ARGUMENT

I. PETITIONERS HAVE SUBMITTED THEIR SUPPLEMENTAL BRIEF IN VIOLATION OF RULE 15(8) OF THIS COURT'S RULES.

Rule 15(8) of the Rules of the Supreme Court of the United States allows parties to file supplemental briefs regarding a petition for certiorari only if such briefs address cases, legislation, or other events that have occurred **after** the petition was filed. Rule 15(8) is not an instrument by which a party may make a new argument, even if it was forgotten or neglected at the time of the petition. In fact, the rule specifically prohibits such a method of argument.

Petitioners have flagrantly violated the rule. In their supplemental brief, they raise a new argument that does not rely on factual or legal developments occurring since the filing of their petition. Petitioners could have included this odd argument in their petition, but, for whatever reason, they did not. This Court's rules do not allow Petitioners to raise new issues or arguments through a supplemental brief. Therefore, Respondents respectfully request that this Court disregard Petitioners' supplemental brief.

II. THE CIRCUIT COURTS UNIFORMLY AGREE THAT THEY ALWAYS HAVE JURISDICTION UNDER 28 U.S.C. § 1291 TO HEAR AN APPEAL FROM A JUDGMENT THAT GRANTS A PLAINTIFF ALL OF THE RELIEF IT REQUESTED.

Aside from its procedural flaws, Petitioners' supplemental brief is unpersuasive because the issue it discusses is completely irrelevant to this case. Petitioners refer to an ostensible circuit split on the question whether a plaintiff, which loses some of its causes of action in an adverse partial summary judgment, may bring an interlocutory appeal in disguise by voluntarily dismissing its remaining causes of action without prejudice for the purpose of reviving them after the conclusion of its appeal. Even if this were a real issue, this case cannot be an instrument for resolving it. Here, Respondents — plaintiffs below — prevailed on a motion for partial summary judgment, won all of the relief that they requested, and then voluntarily dismissed their redundant, mooted legal theories without prejudice. There is no controversy among the federal courts on the question whether an appeal may be taken from a judgment that resolves all of the issues in the case and concludes all of the parties rights and liabilities. Such a judgment is the eptiome of a "final order," as defined for the purposes of 28 U.S.C. § 1291. If there is a question about how far **losing** plaintiffs may go in attempting to manufacture finality for an order granting partial summary judgment for defendants, such a question is simply not presented by this case.

The fundamental principle relevant to this case comes from § 1291, which provides that the Courts of Appeal have jurisdiction to hear appeals from "final orders." It is well-

settled that a final order in the district court is one that disposes of all of the rights and liabilities of the parties and leaves the district court with nothing left to do but execute the judgment. *See Brown Shoe Co. v. United States*, 370 U.S. 294, 306-08 (1962) (concluding that a judgment was final because "[e]very prayer for relief was passed upon").

An order is "final" for the purposes of § 1291 if it completely disposes of the plaintiff's claim by awarding a plaintiff all of the relief that it requested. *See id.* An order may award a plaintiff all of its requested relief without addressing each and every count of the complaint. As the Seventh Circuit has noted, "[d]ifferent theories of relief — that is, different legal characterizations of the same facts — are not separate claims." *Production & Maintenance Employees' Local 504 v. Roadmaster Corp.*, 954 F.2d 1397, 1402 (7th Cir. 1992). A plaintiff makes a single claim when it presents one request for relief on the basis of one set of facts, even if the plaintiff characterizes those facts in terms of different legal theories and describes those theories in separate counts. *See id.* Therefore, when a court awards all of the requested relief, it resolves the claim and concludes the action, even if it does not rule on all of the legal theories and allows the voluntary dismissal without prejudice of some of the counts reflecting those theories.[1]

For example, in *Local 504, supra*, plaintiffs alleged that the trustees of their pension plan had improperly amended

---

[1] Plaintiffs will usually have good reasons for not permanently renouncing their mooted causes of action in a dismissal with prejudice. In the event that an appellate court will reverse a partial summary judgment and remand the case for trial or, at least, further proceedings, the plaintiff may wish to reassert the theories on which the trial court did not rule.

it. They characterized this action as a violation of certain sections of the Employee Retirement Income Security Act ("ERISA") and, alternatively, as a breach of the common law of fiduciary duty, but they asked for a single form of relief. The district court granted summary judgment on the ERISA causes of action and, in a separate, later order, voluntarily dismissed the fiduciary duty cause of action without prejudice. The Seventh Circuit held that:

> A dismissal without prejudice is generally not final and appealable. . . . In this case, however, the district court's summary judgment on the § 204(g) and (h) [of ERISA] counts granted the plaintiffs all of the relief they had requested and were entitled to. As plaintiffs noted in the memorandum they filed in the district court supporting their motion to dismiss, trial on the two remaining claims would have been unnecessary. By dismissing the final two counts, the district court ended the litigation in that court.

Local 504, 954 F.2d at 1402 (citations omitted). Consequently, it is well-established and obvious that a district court issues a final order when it grants summary judgment to the plaintiff and awards all of the relief that the plaintiff requested, even if the summary judgment does not dispose all of the plaintiff's causes of action, and even if the unresolved causes of action are voluntarily dismissed without prejudice. The existence of the dismissed claims poses no threat of piecemeal litigation because the prevailing plaintiff could not file a new complaint on the basis of those claims because, having been afforded full relief, it could not possibly show injury, which would be a prerequisite for asserting a claim.

The cases that Petitioners discuss in their description of a circuit split are fundamentally different from cases like this one. The cases that Petitioners cite involve plaintiffs that received **adverse** judgments eliminating some of their causes of action. Those plaintiffs attempted to convert a partial judgment into a final one by employing Fed. R. Civ. P. 41(a)(2) to voluntarily dismiss their remaining causes of action without prejudice, even though those causes of action presented live issues that the district court could resolve. In this case, the causes of action that were voluntarily dismissed without prejudice were superfluous and moot, and they left nothing for the district court to resolve. Consequently, their dismissal does not reflect an attempt to "manufacture" finality.

Petitioners may be correct in arguing that there is a circuit split on the propriety of asserting appellate jurisdiction of cases in which a plaintiff has attempted to artificially convert an adverse, partial summary judgment into an order that meets the finality requirements of § 1291. *See* 15A Charles A. Wright *et al.*, Federal Practice & Procedure, § 3914.8 (discussing this kind of "manufactured" finality). As Petitioners suggest, when that type of procedural jockeying occurs (which did not happen here), there is some dispute among the Courts of Appeal about the propriety of such a procedure. *See id*; *compare Hicks v. NLO, Inc.*, 825 F.2d 118 (6th Cir. 1987) (holding that a partial summary judgment can be converted into a final order when a plaintiff voluntarily dismisses its remaining claims without prejudice, as long as the district court is not deceived about the reasons for and nature of the dismissal) *and Chrysler Motors Corp. v. Thomas Auto Co., Inc.*, 939 F.2d 538, 540 (8th Cir. 1991) (holding that, when a district court dismissed some causes of action without prejudice after granting partial summary judgment against the counter-plaintiff, "the effect of [the dismissal] was

to make the judgment granting partial summary judgment a final judgment for purposes of appeal, even though the district court had not so certified under Fed. R. Civ. P. 54(b)") *with Ryan v. Occidental Petroleum Corp.*, 577 F.2d 298 (5th Cir. 1978) (holding that a plaintiff could not employ a voluntary dismissal without prejudice to convert an adverse partial summary judgment to a final order for the purposes of § 1291) *and Cook v. Rocky Mountain Bank Note Co.*, 974 F.2d 147, 148 (10th Cir. 1992) ("A plaintiff cannot be allowed to undermine the requirements of Rule 54(b) by seeking voluntary dismissal [without prejudice] of her remaining claims and then appealing the claim that was dismissed with prejudice") *and Chappelle v. Beacon Communications Corp.*, 84 F.3d 652 (2d Cir. 1996) (same). These cases are, of course, irrelevant to what occurred in this action, where plaintiffs prevailed and a final judgment was entered.

In declining to allow losing plaintiffs to Rule 41(a)(2) as an instrument for manufacturing a final order, courts have noted that such a procedure creates a risk of piecemeal litigation. *See Chappelle, supra; Cook, supra*. If a plaintiff appeals an adverse judgment on some of the causes of action related to a single case and loses, it may revive the dismissed claims and bring a new suit, which might result in the resubmission of the case to the Court of Appeals. In such a situation, the appellate court might be forced to analyze the legal significance of the same facts in two different cases. *Chappelle*, 84 F.3d at 654. As the Second Circuit put it:

> A plaintiff's attempt to appeal a prior adverse determination following the dismissal of his remaining claims without prejudice necessarily implicates the policies of the final judgment rule. Allowing such an appeal following a voluntary dismissal with prejudice . . . furthers

> the goal of judicial economy by permitting a plaintiff to forego litigation on the dismissed claims while accepting the risk that if the appeal is unsuccessful, the litigation will end. By contrast, because a dismissal without prejudice does not preclude another action on the same claims, a plaintiff who is permitted to appeal following a voluntary dismissal without prejudice will have secured an otherwise unavailable interlocutory appeal.

Id. (citations omitted).

The same risk of piecemeal litigation is simply not present in a case such as this one where the prevailing plaintiff voluntarily dismissed certain redundant legal theories without prejudice after receiving a favorable judgment, which granted it complete relief on fewer than all causes of action, thereby mooting the alternative causes of action. In such cases, if the district court judgment is reversed or vacated, the case will be remanded to the district court, where, depending upon the procedural posture, the dismissed claims may or may not be reinstated. If they are reinstated, they will be part of the same case that was appealed, thus eliminating any threat of piecemeal litigation. If the district court judgment for the plaintiff is affirmed, the voluntarily dismissed claims will, of course, remain moot and cannot be the basis for any new suits.

If there were one rule for establishing appellate jurisdiction in all cases where a plaintiff voluntarily dismissed causes of action without prejudice, regardless of whether the plaintiff won or lost or whether it received complete relief, improper results would follow. Most importantly, the creation of a single rule would create a substantial opportunity

for plaintiffs to manipulate procedure for the purpose of precluding appellate review of judgments favorable to them.

The Eleventh Circuit has recently considered the problem of having one rule for all cases in which a plaintiff voluntarily dismisses causes of action without prejudice, and it has confirmed the importance of having different jurisdictional rules for winning and losing plaintiffs who employ Rule 41(a)(2) before an appeal is taken. In *State Treasurer v. Barry*, 168 F.3d 8 (11th Cir. 1999), the panel criticized the opinion in *Ryan* on the ground that *Ryan* could be interpreted to preclude appellate jurisdiction in **every** case where a plaintiff had voluntarily dismissed causes of action without prejudice, regardless of whether such plaintiff won or lost. The *Barry* court was concerned that the application of this rule to prevailing plaintiffs could allow such plaintiffs to effectively oust an appellate court of jurisdiction to overturn the judgment favorable to them. As the *Barry* court pointed out, a plaintiff could bring a complaint with two causes of action and one claim for relief, but one of the causes of action could be essentially meritless. Immediately after filing the complaint, and before the defendant could answer, the plaintiff could, of right, voluntarily dismiss the meritless cause of action and without prejudice and proceed with the viable cause of action. If it prevailed, the plaintiff could then rely on the theoretical pendency of the dismissed claim to bar the defendant from appealing the judgment. *Barry*, 168 F.3d at 19. Such a maneuver would, of course, be grotesquely unjust, and the Eleventh Circuit acted quickly to remove any indication that it would countenance such an injustice. In *Schoenfeld v. Babbit*, 168 F.3d 1257, 1266 (11th Cir. 1999), decided approximately two weeks after *Barry*, the court held that "we read *Ryan* and its progeny to apply **only** when a plaintiff voluntarily dismisses its remaining claims without

prejudice after a non-final **adverse** district court order has been entered" (emphasis added).

The Eleventh Circuit's discussion in *Schoenfeld* makes it clear that the circuit split identified by Petitioners has no relevance to this case. Indeed, if Petitioners succeeded in their attempt to apply an out-of-context rule to this case, they would create an unjust and improper procedural rule. While problems may arise when losing plaintiffs manufacture finality for adverse judgments, there is obviously no problem when an appellate court takes jurisdiction of a case after a plaintiff wins all of the relief to which it was entitled. As the *Barry* court noted, a problem would arise in this latter situation only if the defendant were prevented from taking an immediate appeal.

CONCLUSION

Petitioners' supplemental brief suffers from two fundamental flaws that make the brief both improper and nonsensical. First, the brief has been submitted in violation of the rules of this Court and should therefore be disregarded. Second, if this Court should consider the arguments in the brief, it will be clear that those arguments are simply inapplicable to this case. If they were to be applied here, they would create a perverse rule of appellate jurisdiction. Petitioners have identified a problem that relates to cases only in which a **losing** plaintiff manufactures finality for an adverse order. In this case, Respondents, as plaintiffs below, **prevailed** in every one of their claims for relief, and defendants appealed from the order that finalized the award. This order completely resolved all of the rights and liabilities of the parties and is therefore appealable under § 1291. If Petitioners' arguments were to be accepted by this Court, this case would lead to the creation of a rule that would encourage

plaintiffs to pair meritorious and meritless claims and then to voluntarily dismiss the meritless ones without prejudice as an artificial means of precluding appellate review in the event of their victory.

For the reasons noted above, and for those noted in Respondents' Brief in Opposition, this Court should deny the petition for a writ of certiorari.

Respectfully submitted,

/s/ _____

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